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9 JANUARY 1987

EAST EUROPE REPORT

CONTENTS

ECONOMY

CZECHOSLOVAKIA

- Soviet Interrobot 'Advisers' Arrive in Slovakia
(Vladimir Jancur; PRAVDA, 19 Sep 86) 1
- Article Criticizes Excessive Overtime
(Zdena Stepankova; RUDE PRAVO, 23 Sep 86) 4

POLAND

- Development of Building Industry Export Potential Urged
(Various sources, various dates) 6
- Barriers to Construction Project Export,
by Jozef Zelaskiewicz 6
- Investment Policy Blamed for Export Slump,
by Tadeusz Kaminski 10
- Agricultural Trade Picture, 'Polagra' Fair Deals Reported
(Marcin Makowiecki; ZYCIE WARSZAWY, No 42, 19 Oct 86) ... 16

YUGOSLAVIA

- Economist Savin Discusses Stagflation, Remedies, Outlook
(Davor Savin Interview; EKONOMSKA POLITIKA, 10 Nov 86) .. 22

MILITARY

ROMANIA

- Foreign Policy Moves To Strengthen National Sovereignty
(Sigeo Mututshika; REVISTA ROMANA DE STUDII INTERNATIONALE,
Sep-Oct 86) 32

POLITICS

CZECHOSLOVAKIA

NATO States Accused of Psychological Warfare (Editorial; RUDE PRAVO, 14 Nov 86)	50
--	----

HUNGARY

Hungarian 1956 Events Recalled in Prominent Polish Weekly (Jerzy Róbert Nowak; POLITYKA, No 44, 1 Nov 86)	53
Public Opinion Surveys on Various Issues (JEL-KEP, No 3, 1986)	67
Bloc Problems Growing, by Imre Dobossy, Guy Lazar	67
CPSU Congress Aims Problems, by Imre Dobossy, Katalin Farkas	71
More Private Enterprise Favored, by Maria Szurkos	72

POLAND

Mokrzyszczak Speech to Olsztyn PZPR Meeting (Włodzimierz Mokrzyszczak; GAZETA OLSZTYŃSKA, 13 Oct 86) .	75
Miodowicz Favors ILO Membership (Alfred Miodowicz; POLITYKA, No 42, 18 Oct 86)	79
Light Industry TU Congress Notes Goals, Shortages (Teresa Grabczyńska; TRYBUNA LUDU, 10 Oct 86)	80
TU Leader Negates Importance of Solidarity Revival (Włodzimierz Lubanski Interview; TRYBUNA LUDU, 22 Oct 86).	83
Commentary Quotes, Blasts RFE Union Report (Jerzy Lobman; TRYBUNA LUDU, 27 Oct 86)	87
Party Activities Noted Regionally, Nationally (Various sources, various dates)	90
Party Organization Discusses Housing Issues, Aleksander Kwiecien Interview	90
Voivodship Party Reports Growth	91
Academy Focuses on Expanded Program	93
Report-Back Campaign Goals Viewed, Stanisław Gabrielski Interview	94
Need for Collective Bargaining Rulings Discussed (Various sources, various dates)	99
Government Seen As Curbing Wage, Price Hikes, by Leon Podkaminer	99

OPZZ Fears Return to Inflexible Centralization, by Cezary Stypulowski	103
Collective Bargaining Issue Spurs Controversy	107

Problems in Peoples Councils Role, Performance Viewed (Wojciech Kazmierczak; DZIENNIK BALTYCKI, 17 Sep 86)	109
---	-----

Army Agitprop Chief on Technology Role in Ideology Struggle (Leslaw Jojtasik; TRYBUNA ROBOTNICZA, 19 Sep 86)	111
---	-----

YUGOSLAVIA

Immigrants on U.S. TV Criticize, Defend Nation (BORBA, 20 Nov 86)	117
--	-----

Critics of Human Rights Record at CSCE Meeting (Dusica Petkovic; BORBA, 20 Nov 86)	118
---	-----

SOCIOLOGY

CZECHOSLOVAKIA

Health Care Problems in Prague Surveyed (Jiri Bagar; TVORBA, 29 Oct 86)	121
--	-----

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ECONOMY

CZECHOSLOVAKIA

SOVIET INTERROBOT 'ADVISERS' ARRIVE IN SLOVAKIA

Bratislava PRAVDA in Slovak 19 Sep 86 p 4

[Article by Vladimir Jancur: "ROBOT Gets A Second Wind"]

[Text] By the time this article is published Yevgeniy Kanayev will already be breathing the air in the city above Torysa. We met three days before his departure from Moscow in the building of the Ministry of the Machine Tool and Machinery Industry of the USSR. He was completing the final formalities and one could see that he could hardly restrain himself, that he was eager to get on his way. The same was true of Vyacheslav Zhukov, Viktor Aganov, Lev Krukovets and almost 30 other Soviet experts who gradually, by the end of this month, will be coming to work under the common roof of the international R&D association ROBOT.

Many of these experts already know Presov fairly well. After all, in recent years many of their business trips have sound up here. Last year comrade Kanayev, as his wife was quick to remind him at every opportunity, was more often in Presov than at home. These have all been short separations, however, at the most three months. But now it was a matter of leaving for four years....

On 1 September 1986 the new ministers of the cooperating sectors, Ladislav Luhovy and Nikolay Panichev, signed an agreement concerning the personnel for the association.

This marked the beginning of the formation of a stable international collective. In the meantime both parties to the agreement proceeded to resolve other important organizational issues. The structures and the systems of the association received approval. By the end of the year the Presov pedagogical faculty building, which currently houses ROBOT, will be staffed by 176 people, including 55 Soviet citizens. The ministers have also agreed on a work plan for the association for the upcoming year and have also resolved what until recently had appeared to be insoluble problems regarding working conditions and social amenities.

The 42-year-old Yevgeniy Kanayev fulfills the function in the association of deputy general director. Prior to this he was manager of a critical division in the Experimental R&D Institute for Metal-Cutting Machines, the well-known Moscow ENIIMS, which was combined with the Presov VUKOV plant to form ROBOT. At the beginning of the 1980s Yevgeniy Kanayev and Vladimir Cop began to push

the idea of a cooperative Czechoslovak-Soviet venture in robotics. Their idea passed through all the channels involved to win approval and to establish the organization. Why did it take so long. Here is J. Kanayev's answer: "It was necessary to break through psychological and administrative barriers on both sides. After all, this was the first enterprise of its kind within CEMA. When comrades Obzina and Marchuk signed the appropriate intergovernmental agreement 18 months ago, we thought everything had been resolved. Only then did more and more problems appear: legal, financial, economic, social, organizational problems.... Let us not forget as well that in the meantime INTERROBOT was founded, so we had to straighten out relationships with that organization and define our respective areas of expertise."

This all happened. The so-called spheres of influence for INTERROBOT and ROBOT are clearly defined; both organizations also work in conjunction with each other.

Y. Kanayev says: "INTERROBOT is concerned exclusively with robotics. While our association is also concerned with this, it does so in the context of projects related to the comprehensive automation of production processes that will certainly make use of industrial robots but will also involve much more. In other words, the name of our association is to a large extent conditional. Our main mission is to participate in the technological upgrading of production and mainly machinery enterprises in Czechoslovakia and the Soviet Union."

The association, which has its nerve center in Presov, will contribute its own technical innovations in robotics to the implementation of INTERROBOT association programs, and in turn has the right to place orders with organizations involved in INTERROBOT for the development of industrial robots for incorporation into its own flexible production systems machine shops, comprehensively robotized worksites, etc.

The management of the Presov association rejects the myth of the omnipotent robot as basically an advertising trick of western firms. The installation of an industrial robot or manipulator makes sense only if it will make a difference economically. Practice has shown, for instance, that the best results come from robotized complexes where robots are simply a part of an overall system that contains equally important roles for modern machine tools, conveyor belts and controlling computers.

The arrival of the first group of Soviet experts for permanent work at Presov marks an important step in the short but complex history of this international organization. It is a decisive step from voluntarism to commitment, from sporadic operation to systematic operation, from haphazardness and improvisation to purposefulness, conscientiousness and iron necessity dictated by the laws of *khozraschet*. Czechoslovak and Soviet staffers have so far worked together mainly at a distance. While they made constant efforts to make the process work, no one was fully satisfied with the results. We asked comrade Kanayev why a similar Soviet-Bulgarian association known by the acronym IVANOVO-SOFIA (managed by the nearly legendary V. Kabaidze) had not experienced the same problems.

"That organization had a better startup situation. First of all, the Bulgarian legal code was more ready to accept the situation and, secondly, the organization adopted a much more modest program. ROBOT, on the other hand, bit off more than it could chew from the start, more than even VUKOV could handle with its already relatively large production base. Now we are taking a more sober view of things. Until we are fully operational we will be moving in several selected directions, producing less but doing it better and more thoroughly."

One may surmise that this approach will be gradually assimilated by association management and its supervisory agencies. Some problems, however, remain on the table even after numerous ministerial meetings. These include schools for the children of the Presov Soviet experts, which will open in about a year. If someone had thought of it earlier they could already be operating. Well, so what? Both your side and our side were concerned, says Y. Kanayev, with other, higher priority issues which, if they had been left unresolved, would have left only a paper roof over the association.

For one year at any rate, many of these Soviet experts will live at Presov without their families, but in a circle of good friends who are already waiting for them impatiently. Zukova Chrobak, Aganova Kavecansky, Krukovca Kravec.... They will be able to work to their heart's content and provide an incentive for their association to grow and, actually, to get a second wind....

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ECONOMY

CZECHOSLOVAKIA

ARTICLE CRITICIZES EXCESSIVE OVERTIME

Prague RUDE PRAVO in Czech 23 Sep 86 p 4

[Article by Zdena Stepankova: "Overtime Work"]

[Text] There are people who look for employment with an opportunity to work overtime. The reason is obvious. They want to earn more. There are others who leave their job because they have too much overtime. Higher, sometimes even quite high, earnings do not make up for the fact that they seem to be virtually always at work. They have too little free time for themselves and their families.

In 1980 the Czech government for the first time tasked the central agencies controlled by the CSR government with developing a long-term program for reducing overtime in agreement with the responsible trade union representatives.

So what happened? Overall it succeeded in stopping unwanted growth in overtime work. But these are averages. There are departments and work places with a large percentage of overtime. Under optimum conditions overtime should amount to no more than 4 percent of working hours. But the average number of overtime hours worked by bus drivers is more than 22 percent and in Prague as much as 25 percent.

Light industry has the same problems. Each year there are many unscheduled work shifts and, since this is a department in which mainly women work, it is understandable that they are the ones primarily affected by these special shifts.

In the food industry an average of 2,800 employees work more than 600 hours of overtime annually. All the departments with the most overtime, that is, transportation, the consumer industry, food, construction, and organizations of the national committees, typically have a labor shortage, especially of some professions, high levels of sick leave, or the results of a supply-demand imbalance need to be made up, etc.

People say that too much of anything is bad for you. And this applies to overtime as well. Probably no one is concerned about working longer than a routine workday from time to time. But if this happens often, such work takes its toll on health. People then quit their jobs after only a short time.

Last year the CSR government discussed and approved additional measures for 1986 and 1987 which should further reduce the number of overtime hours worked. The CSR Ministry of Labor and Social Welfare was tasked with checking whether exceptions for overtime were justified in the departments of industry, agriculture and food, construction and selected enterprises of the KNV (Kraj National Committees) and NVP (Prague City National Committee) and to report on it to the government. The Okres National Committees will also take part in the investigations. The idea behind all this was to find out the actual reasons for overtime. Our first experiences, however, show that in many cases there really are reasons beyond their control, whether because of obsolete equipment, a high rate of sick leave, or labor shortages.

Thus, certain limits for overtime were established. For example, an individual is allowed no more than 500 hours of overtime work per year. An exception can be made only by the chief of a central agency or the KNV NVP council after agreement with the appropriate trade union representative. There must be strict adherence to the prohibition of working no more than 180 hours per year for individuals in hazardous jobs. In accordance with the labor code, overtime cannot be assigned to pregnant teenagers or women caring for a child younger than one-year old, etc.

No doubt all legal measures are proper and indisputably force the organizations to think about the current situation and explore ways to correct it. At least they have to come up with solutions which will keep the organization within the established limits.

Czechoslovakia has a higher rate of overtime than other socialist countries. That makes it necessary to find the true reasons and to rectify them. After all, who wants the responsibility for the fact that despite a high number of overtime hours the buses do not run, the export quotas in some consumer industry enterprises are not met, goods are not distributed to the shops, and railroad cars are not unloaded? In such cases increased overtime is authorized. And justifiably so, because services to the citizens must be provided.

Studies and investigations of overtime work will thus be useful only when a start is made in gradually eliminating the actual causes of overtime, once they have been determined. In many cases this can be accomplished by better utilization of working hours, which is within the power of the supervisors. At times there must be a more comprehensive solution from increasing the number of employees to providing better employee care.

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ECONOMY

POLAND

DEVELOPMENT OF BUILDING INDUSTRY EXPORT POTENTIAL URGED

Barriers to Construction Project Export

Warsaw POLITYKA (POLITYKA EKSPORT-IMPORT supplement No 20, Oct 86) in Polish No 42, 18 Oct 86 p 14

[Article by Jozef Zelaskiewicz: "Discussion Article -- Let Us Not Waste This Chance"]

[Text] With the exception of farm produce, it is the representatives of just one branch of Polish industry that insist on increasing their participation in export trade and that industry is construction services.

In 1985, the value of construction export approached 90 billion zlotys but it is still being argued whether it is worth broadening this form of export trade while our country is experiencing a shortage of people to build homes and hospitals. Some feel that if export is restricted, enough specialists will be made available. However, the real problem is not that our builders are too involved in work abroad but that Poland is too little involved in foreign trade. The value of investment export in the world (excepting the CEMA nations) is presently estimated at 320 billion dollars. Some countries such as South Korea, France and Japan have made enormous profits. Even Yugoslavia and Turkey do 10-20 times more export construction than Poland.

Can We Do It?

That is a very provocative question in a country that managed to rebuild itself back up from the indescribable destruction of World War II. Our specialized construction crews and firms have also gained considerable experience building electrical power plants and mines, petroleum and gas pipelines, roads and highways, factories and housing settlements abroad. Then what is holding us back? We continue to argue and meanwhile, we still do not have a cohesive system that would stimulate Polish construction work abroad.

All of the above facts are nothing more than a point of departure for multiplying our export given the potential we have in our personnel and technical and organizational experience.

If it is also correct to concentrate our attention and actions not on dividing produced goods (between home and export trade) but on stimulating more export trade, export construction is then an exceptionally promising endeavor in the long run.

Of course, we must first set our own affairs in order, improve our efficiency, make ourselves more competitive and modernize our technology. Our directors and worker self-management must make greater efforts in this regard. However, generally speaking, the conditions under which they work are shaped by broader economic mechanisms. Some of these and especially those that effect construction export do not encourage efficiency and must be corrected.

The help and right decisions by the central government is needed. We cannot wait any longer.

In Duet With the Bank

A fundamental problem is financial support. An exporter cannot operate alone: he needs the support of a bank and an open door to credits. As petroleum prices have fallen, the oases (and there never were many) of cash profits for investment construction, sites and equipment have ceased to exist. The client demands credit, often proposes barter and expects compensation and privileges. To meet these demands and beat the competition, it is necessary to not only be economically strong and efficient in self-financing but also be able to efficiently use credits for supplies and work and skillfully use currency exchange rates and foreign currency accounts. It is necessary to work as a partner of the bank and not function as a mere object or the subject of a bank vivisection.

There is so much we have to accomplish! The order of the day is burdensome competition for any sort of credit, slowness, frequent obstruction of guarantees prior to the signing of contracts, restrictions on the efficiently setting new construction jobs using foreign currency advances paid by the client and gaps in the ongoing financial upkeep of contracts.

It is well known that the chief direct task of export trade is to maximize the income of foreign currency. However, is it fully justified to set a strict ceiling on write-offs and force the resale of 17 percent of earned foreign currency on every contract? Under the present conditions with its enormous differentiation of costs in construction contracts, does this level cross-piece [poprzeczka] not prevent many companies from competing for contracts and leave for the competition many attractive transactions of high absolute value? Is it worth losing these transactions?

It seems that we must update our guidelines by differentiating write-offs in relation to the type of contract (such as services, or domestic construction with full foreign technical support). The best solution would for every individual case, an elastic bilateral agreement between the exporter and the bank.

There is a similar problem with currency exchange rates and more precisely, their relation to official gold prices. This issue causes much controversy but requires special consideration in relation to export construction because in this area, a poor currency exchange rate substantially reduces our competitiveness.

The activities of the Export Development Bank definitely help build up the necessary financial resources for Polish exporters. Furthermore, it is necessary to provide the necessary funds for export firms and this must be done by properly differentiating the tax system so that export construction might be based on the principles of full self-financing.

Tax Reductions -- For Whom and For What?

Out of the total of nearly 30 different reductions and material benefits for businesses, only 5 are associated with export trade. They have a weak effect and are obscured by the great number of tax reductions for other transactions. The new regulations that have been in effect since 1 January 1986 did not make any substantial improvements and in some cases actually complicated the situation. Construction export still lacks any relief from super-normal wage payments and the new income tax reduction rates which are lower than ever before cannot be used at all for wages and only in part for development funds. The provisions of the law on taxes and tax reductions for various transactions increase the actual taxes paid by each foreign trade enterprise and obligate them to pay a minimum of 20 percent of their profits into the state budget, regardless of what reductions they are entitled to.

In the opinion of construction exporters, it is necessary to:

-- Differentiate the tax system in such a way as to not weaken but strengthen the role of reductions from export trade;

-- Restore bonuses that constitute a good incentive for employees of foreign trade enterprises to work better;

-- Abolish restrictions on the use of write-offs in exchangeable currencies and ruble write-offs. This would make it possible to use these write-offs for activation purposes.

Economic incentives are also necessary for restoring broken cooperative ties. We do not know if anyone has ever compared the global benefits that the economy would gain from "loose" export of goods both in sets and individual shipments. It seems that no one is aware of these benefits because all

supplies have been cut off and exporters of complicated equipment or objects cannot deal with insufficient supplies. The resolution of these problems and the general regulation of the supply of all types of products and articles in all export construction must rely on economic regulation rather ineffective administrative bans. It seems fitting to introduce an incentive for export cooperation for all producers and sub-producers of individual products. Every direct export delivery should receive greater tax reductions than "loose" export. That would alleviate the problem just as much as giving full economic preferences to the export of complete objects. The actual system used to put together these objects only solves half the problem because it covers only the material costs of the producers and the general supplier. At the same time, however, the facts tell us that the export of complete objects is a very great opportunity for exporting various goods and services. On the average, only one half of the value of the contract is in the supply of technological equipment and the rest of that value lies with technical knowledge, documentation, assembly work, start-up and training.

Unnecessary Restrictions

Despite various obstructions, the spirit of economic reform has become a part of our lives. However, we are still subjected to various formal restrictions and burdensome bans. Only rarely do these restrictions have a real purpose but are most often the product of old habits and management styles. Even if one can understand the fears that led to the placing of these restrictions three years ago, now that the number of firms authorized to conduct direct export trade has increased and the idea of concessions has proved its value, it is obvious that the old habits no longer make any sense. These old restrictions often interfere with minor problems but their net effect is that they actually obstruct any initiative among exporters. Here are some of the most painful examples:

-- Geographical restrictions on concessions (and to a lesser extent, restrictions on the profile of imported goods);

-- A ban on sending abroad employees with less than 5 years of experience in the given firm and a three-year waiting period between foreign work assignments;

-- Formal restrictions on taxable wages and monetary benefits in cases in which the combined foreign currency expenditures involved in the realization of a given contract does not exceed 50 percent of its value.

In export trade, it still continues to be necessary to go to organs of the central government for many minor decisions (such as specification of the product groups of a complete object and permission to take out foreign currency which has been paid by the client to purchase resources needed to fulfill the contract).

Some founder's organs have now recognized that on the basis of documents, they can make better decisions than the directors or worker self-management councils who earmark their own people for work abroad. Thus, for example, one department has arranged for 18 jobs in each contract be approved by a ministry commission.

It seems that the time has come to completely abolish these burdensome restrictions.

Some of the most important Polish exporters last year were 5 firms specializing in export construction. It is necessary to make it possible for these organizations and others to grow and enhance their specialization.

Within CEMA, our construction services have a good reputation. In payment for our construction services, we receive raw materials and much sought-after consumer goods. However, these services are limited under bilateral agreements and the extent of work is defined through government negotiations. We can therefore assume that the central apparatus will make proper use of the possibilities for exporting our construction services and that offers will increase because that will be much better than an across-the-border exchange of workers.

On the markets of the second-payments area, we expect to see some concrete government agreements on Poland's participation in the economic programs of the developing countries in return for raw materials. Counting on further implementation of the Presidium of State's 1983 decision on the premises for developing economic cooperation between Poland and the developing countries, we expect legal regulation of barter and compensation transactions and agreements combining Poland's payment of its foreign debt with an expansion in export trade to the developing countries.

The hopes of increasing our services on markets of the second-payments area must obviously be combined with the Sejm's law on the use of foreign capital in partnerships to prevent the frequent changes in regulation of the status of Polonia firms from ruining the climate of trust in this area of enterprise.

Investment Policy Blamed for Export Slump

Warsaw ZYCIE WARSZAWY in Polish No 41, 12 Oct 86 p 5

[Article by Tadeusz Kaminski: "People and Goods"]

[Text] In spite of our enormous and modern industrial infrastructure, we are more and more often exporting without any compensation in goods just our construction services, individual specialists and unskilled labor. For the most part, this is done through western European construction firms that take the role of general contractors. This is our least profitable form of export because our industries have an insignificant role here. This rudimentary export has gained the erroneous and alarming name of construction export.

In an Opposite Direction

In the late 1960's and 1970's, the restriction of an active state policy providing financial and credit support to the export of our own industrial products drastically lowered our industry's competitive edge on foreign markets and was a fundamental cause of our weakening position and therefore our disappearance from many traditional markets. Polish export goods gradually became less and less attractive and our export trade was finally limited to the provision of simple and often crude materials in return for cash. More complex and profitable forms of export trade all but disappeared. This policy also cut us off from natural material markets.

This situation would be justifiable if the export of investment construction had dropped but it has actually been growing so much that Poland has lost much ground on world markets. Our construction export to the markets of the second-payments area has become negligible.

What has caused this stagnation?

Export construction and the goals that it is to serve are determined by economic policy. This policy should therefore define the role and place taken by this area in the economic growth of the nation but is that what is being done? Investment is one of the most important components of an economic policy and in my opinion, it is our investment policy that has brought about this impasse in our export trade. This policy continues to erroneously force excessive domestic investment at any cost, even if it cuts us off from markets for our products. This policy has had terrible results. Industry has absorbed all funds, even those that should be used for promotional state credits but at the same time, our industry has also been cut off from foreign markets and is oriented chiefly at the domestic market. Therefore, it has been deprived of any opportunity to compete for the world market. This has led it away from rational investments aimed at meeting the requirements of international trade and industry.

The resulting situation is blamed on our so-called industrial backwardness and great technological gaps both of which are supposed to make it impossible to increase our exports. Another result of such convictions is pressure to make new investments for the expansion of industry but these investments are again autarchic in nature and out of touch with the world market. At the same time, investments made in isolation from foreign markets cause other failures, all the more so as the investments made by Polish industry are deprived of any appropriately competitive credit and financial support.

Furthermore, the restrictions on investment construction and at the same time, domestic turn-key [pod klucz] investment almost exclusively on foreign licenses, technologies and designs with the help of foreign investment personnel have to a considerable extent squandered our achievements in design work and technology and have distracted our specialists.

In Another Manner

It is becoming more and more obvious that our economy is already up against a barrier to further growth in the export of raw materials and so-called running commodities [towary biegowe] and we must therefore find other reserves to increase exports to the level that our economy is capable of attaining.

Such an opportunity can be offered by the export of investment construction if it is given a chance. This area of foreign trade can produce many economic benefits because it would make it possible to sell many products and services, technical ideas and designs which cannot be offered effectively on their own. This sort of software makes up about 60-70 percent of the contract value. Furthermore, this type of export does not (and this is very significant in our present economic situation) include consumer goods and is produced by industries that do not work for the market and possess still-unexploited production potential.

The present organizational structure of the export of investment construction is inefficient and that is one reason why it is not doing well. Perhaps it is adequate for what is so pompously referred to as construction export but it has nothing in common with what international construction trade should be.

Construction export is handled by all foreign trade investment companies such as Budimex, Polimex-Cekop, Dromex and many industrial firms with concessions. In past years, many resources and funds have been scattered. This intensified harmful competition between native exporters who lost valuable energy (most often through price reductions unjustifiably lower than costs) struggling for the remainder of work left over from the export of complete objects. I am not an opponent of competition nor of diverse organizational ideas but I do feel that the only companies able to meet the demands of international trade are those that are well-prepared for it.

It seems that the situation has come to the point that we must finally admit the error of the 1970 decision to liquidate the Cekop Foreign Trade Enterprise which specialized in the export of investment construction. Export demands highly-qualified personnel and the proper organization and business methods. For that reason, it might be necessary to consider restoring Cekop in order to at least partially rebuild dispersed commercial rights and business traditions in many "forgotten" markets.

At the same time, we would have to grant foreign trade concessions to some general suppliers such as Megadex in the energy industry or Chemadex in the chemical and sugar refinery industry.

At the same time, the strategic goal of the organization of investment construction export should be to create institutions within the construction industry that would function as engineering bureaus. Therefore, this involves creating export bureaus with their own business and technical offices, design workshops and their own ties to industry and science. This is not a revealing

proposition. This is the manner in which firms handling construction export to the capitalist countries are organized. After all, similar principles are used by export firms in socialist countries. At the same time, the firms that already exist in Poland that have achieved satisfactory results in export trade and possess clear-cut trade rights should be transformed into engineering bureau. These firms already contain the prerequisites for such a form of organization. It must also be clearly stated that many construction firms that have recently been granted foreign trade concessions no longer have any great export potential although each of them has its own achievements and much qualified personnel. It is probably time to verify the activities of these firms and either liquidate them or combine them with others.

However, any discussion about the organization of export discussion will never be anything more than pure theory as long as certain aspects of this area of foreign trade are not addressed by our economic policy. This is above all true of investment policy. We do have the funds we need for investments. There are sometimes more of them or less, but they do exist and we cannot use them exclusively for domestic business. Such an egotistical policy makes it impossible to provide some of this capital for credits to give Polish industrial products some competitive edge and calls into question its own basic sense. What point is there in expanding our more intensive industries while we systematically deprive them of the right to conduct export trade by denying credit to Polish investment construction? Without a promotional credit fund for export construction, a modern country cannot have any kind of economy at all. An autarchic policy leads to economic stagnation and complete decapitalization of national property.

How Do We Support Exports?

The choice is simple: we must either invest exclusively in capital- and time-intensive raw materials since it is only these materials that are sold without credits and for cash (although that would be economically unjustified) or use part of these funds to invest over a much longer period in export investments which would propel Polish industry into the international division of work and solve many economic dilemma. Otherwise, there would be no sense in making any further investments in manufacturing industries with formally closed possibilities for export trade.

Using the pattern set by other modern industrialized countries, we would have to build into the Polish economy a lasting mechanism for financing, crediting and increasing by all other means our products' (including our export construction) commercial attraction.

Who should create this mechanism and stimulate the growth of export investment construction? The countries against which we try to compete for foreign markets have created for their businesses various types of state agencies that support and finance export trade and also insure any eventual risks. In Poland, it is not enough that we not only lack any agencies or any regulations

on the matter but our contractors in Libya or Iraq have had to secure state debts for some time now!

These functions cannot be fulfilled by the Trade Bank. The Polish National Bank which is supposed to function as a state bureau has delegated many of its control activities to the Trade Bank and has therefore distorted its principal functions as a commerce bank. In this way it has taken an active partner away from the foreign trade exchanges and replaced it with a controller. In addition, the regulations on contract self-financing that require strict accounting for all transactions deprive the foreign trade exchanges of any flexibility and independence. Self-financing is too strictly subordinated to the egotistical goals of the bank and deprive the exchanges of all resources, regardless of the result.

Such a system of anti-support for export trade which deprives the foreign trade exchanges and firms of the opportunity to have their own funds and make profits from those funds and simultaneously forces the exchanges to take high-interest loans makes export contracts seem unprofitable, lowers our foreign trade competitiveness and above all, paralyzes export firms.

The Export Development Bank has finally been created. Its principal functions should include the accumulation of foreign currency and zlotys to finance the export of highly industrialized Polish products on competitive financial and credit principles. The finance support should also include pro-export investments, credit for supplies, insurance of profits, participation in foreign enterprises and the financing of diverse forms of joint transactions, barter and cooperation.

At this time, however, the Export Development Bank is supposed to become just another bank oriented toward financing domestic enterprises brought about by the investment pressure of native industry with no regard to the criteria of the world market or the promotion of export that better corresponds to hard international rules.

Of course, we cannot immediately judge what role this bank will assume but but we must try to consider that role now that we have become members of the International Monetary Fund which also gives us access to the World Bank which finances and assists many investments in various parts of the world. Just last year alone, the World Bank realized more than 500 contracts worth a total of more than 15 billion United States dollars. If we compare that figure to the 200-380 million dollars that our yearly export construction is worth and the possibilities this offers our export construction firms, we see that this can offer us a unique opportunity.

Trade Strategy

In addition to the above actions, it is also necessary to build into our economy once and for all a mechanism that can react to changes in the nature of trade transactions.

It has "happily" turned out to be the case that the present financial crisis affects all countries of the world, the rich ones included. This means that more and more countries are giving up the simplest form of trade which is money for goods. Various forms of exchange trade such as compensation and barter are becoming more popular. According to estimates by GATT, last year nearly 38 percent of world trade involved direct exchange of goods.

More often now, it is not the goods offered in a contract that lead to its signing as much as the range of financial tools available to the exporter. It can even be said that within the global mass of world trade, technical quality has become a secondary consideration while it is the instruments of exchange trade that are most decisive. It can therefore be said that much of foreign trade throughout the world involves products of average technological advancement and therefore those that Poland can produce.

Matching the import of raw materials with our investment export is organizationally easier than in the capitalist countries but only under if Polish foreign trade operates using the right mechanisms. Unfortunately, our export trade is still not accustomed to fulfilling such functions because of old habits.

Any purchases and especially the buying of raw materials must be subordinated to the strategic goals of investment export. The import trade exchanges should therefore be discouraged from merely providing supplies and materials but should also fulfil commercial functions.

Countries with one raw material, especially petroleum, will be forced more often to limit their production and exports as well as their growth plans. This creates for us a specific situation. Above all, we will have to recruit prospective buyers of our products in these countries by approaching them with an active policy and propositions for barter and by improving the efficiency of our foreign trade services (both at home and abroad) that buy materials from these countries.

Poland's debt to the socialist and capitalist countries should also become a means of increasing our investment construction export. We should offer to perform investment construction for third world markets through lending organizations and therefore give ourselves an opportunity to quickly pay off our debts.

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ECONOMY

POLAND

AGRICULTURAL TRADE PICTURE, 'POLAGRA' FAIR DEALS REPORTED

Warsaw ZYCIE WARSZAWY in Polish No 42, 19 Oct 86 p 6

[Article by Marcin Makowiecki: "'Polagra' For the Second Time"]

[Text] Last week's big event was the "Polagra-86" second International Agricultural and Industrial Fair which included 508 exhibitors, 137 of which were from foreign firms of 19 different states. Polish foreign trade was represented by 20 specialized companies and trade exchanges.

The first day of the fair already counted 25,000 visitors and they could see everything Poland is selling in the field of food industries and industries serving agriculture. The products ranged from flowers, fruits and vegetables to combines, computer systems for agriculture and a new version of the "Tarpan" with a high-compression engine.

Crowds gathered to see the "Tarpan". This efficient truck is and will long remain nothing more than a dream for farmers because the Poznan plant has still not produced more than a few hundred of these vehicles. There are still other such firms for a market which has almost no suppliers. The production of a Polish mini-tractor with a full set of implements has been proposed for many years now without success.

The fair visitors above all consisted of those with something to sell. The large number of items displayed by Polish agricultural firms showed that we have many products wanted by foreign buyers.

Polish farmers and managers in the food industry viewed new agricultural machinery and equipment for the food industry, chemical agents, seeds and other products displayed by firms, many of which have an international reputation. Our hunger for new equipment is well known. In a certain sense, the fair has become a perhaps unintentional confrontation between our already-rich selection of export goods and highly-interesting items made by foreign producers whose products we need so badly to modernize our own food industry. From our business contacts at the Polagra fair, we must however conclude that we must continue to sell more than we can buy.

A Better Balance

The growing importance and possibilities of agricultural trade are also demonstrated by the fair's exhibit of results from the last few years. Agriculture has gained a growing share of foreign trade. Out of our total foreign trade, agricultural exports to countries of the second-payments area and the socialist countries have reached a level of 15 percent and 2.3 percent respectively. Agricultural exports to the dollar zone reached a value of 914 million dollars in 1985 and have amounted to 576 million dollars over the first 8 months of this year. This indicates a growth of 2.5 percent over last year's figures despite the difficulty we have had in selling some items since the accident at Chernobyl. In 1985, sales to the socialist countries reached a value of 327 million rubles and have grown by 20 percent in the first 8 months of this year.

Agricultural exports are therefore going quite well. Last year, the balance in the trade of these items was nearly equalized (minus 435 million zlotys). The balance of trade with socialist countries was positive but we had a deficit of 64 million dollars in our trade with the capitalist countries. The improvement in the trade balance is the result of increased exports and (which is generally not recognized) the nonrealization of plans to import materials necessary to agriculture, especially high-protein fodders.

In connection with this, it is worth pointing out that the policy of food self-sufficiency does not call for arithmetic balancing of the trade balance but the achievement of equilibrium through intensive growth in export trade while providing agriculture and manufacturing industries with the products and means of production they need.

The day before the opening of the fair, a press conference was held in Poznan at which Agriculture Minister Stanislaw Zieba mentioned the second principle: agricultural and food exports in the coming years may not be forced in nature and amount to no more than sporadic shipments of surplus products. It should be part of agricultural policy and must be based on stable and high-quality export-grade products. At the same conference, Foreign Trade Minister Andrzej Wojcik called out for a further increase in the amount of agricultural and food products in export sales and for the creation of conditions favoring such an increase. This is a matter of technological problems such as increased production of food packaging and legal and organizational problems.

It is therefore necessary to expand our export specializations, increase the goods we offer and adapt policy to the needs of importers. Vegetable and animal products make up a half of this export trade. The first group consists mostly of sugar, fruit, canned fruit and vegetables, rape seed, rape oil, seed and alcohol products. The prognosis is for a rise in the world sugar prices. At the present time, we are already selling a large amount of molasses.

Great opportunities lie ahead for exporters of horticultural products. This has been brought about by the recent signing of a long-term agreement with the

USSR and increased sales to the other CEMA countries. Polish trade firms have estimated that there are also some possibilities for further increasing the sale of Polish horticultural products to countries of the second-payments area.

The growth in the production of rape seed has also improved our export opportunities. For example, the sale of rape oil increased from 2900 tons in 1982 to 37,500 tons last year. We have begun to discount our internationally-high production of potatoes and are selling a large amount of processed products such as starches and dehydrated potatoes.

Meat and meat products form the largest group of animal products. The most well-known items are ham and canned pork shoulders, canned meats, sausage, rabbits and poultry. A large portion of our meat products is also made up of cattle such as fat stock, horses and sheep. There will also be an increase in the export of fresh-water fish such as eels, carp and trout. It is expected that the export of animal products will go up. It is also an important assumption that the domestic supply will also not drop. If we have enough foreign currency, we can then obtain products such as fodder to increase our livestock and this would also make it possible if necessary to import the equivalent of what is needed for domestic consumption. The situation on the European market demands our meat and cattle exporters reach other markets such as the Arab and Scandinavian countries.

Plans for the future also call for increased food imports. This above concerns fodder materials that we cannot produce, pesticides and herbicides, biological growth stimulants, sweet oils, cacao and packaging. It is also necessary to satisfy the demand for consumer items such as citrus fruits, grapes, condiments, etc.

Our food industry requires the importation of specialized machinery and equipment, especially that used for canning fruits and vegetables, vegetable oil producing equipment and refrigeration. Polish merchants are asked what now constitutes the greatest hindrance to a growth in exports and without pause they reply that we most need specialized transportation, storage equipment, refrigerators and packaging. Even though there has been some improvement from year to year, the technical infrastructure still remains the weak side of agricultural and food trade. This means that it is often the case that it is easier to purchase goods from agricultural producers and much harder to sell them for a profit.

At the Fair

Polagra has helped to promote Polish products but the results have not always been immediately apparent. Because of the seasonal nature of the industry, some firms sign contracts with buyers before the goods are produced. The Animex partnership made a great impression at the fair. On the first day of the fair, a crowd of visitors attended an auction of 36 horses which were all sold for a sum of 100,000 dollars. Two important contracts were also signed.

The first annual sale until 1990 of 1,200,000 Polish sheep to the Near East for 40 million dollars. In the future, Animex intends to export one million sheep per year. The second contract was for the export of 15,000 livestock the the Near East through the Polbis partnership as well as another 15,000 through the Italian partnership of Siebiec. Animex expects that this yearly export will reach a value of 350-360 million dollars which is about 10 percent more than last year.

Some interesting contracts were also signed by other firms. Polcoop has sold salted mushrooms to western countries and reached an agreement for business with fraternal cooperatives of Agros. During the Polagra fair, agreements were signed for additional imports of lemons in exchange for Polish apples. In general, we will have a better supply of citrus fruit this year.

If we look at the immediate business results of the Polagra fair, the achieved value of export transactions amounted to about 112 million rubles to countries of the first-payments area and 53.2 million dollars to countries of the second-payments area. Agreements with countries of the first- and second-payments areas were signed. The values of these contracts were 63.3 million rubles and 5.4 million dollars respectively. There were also many business negotiations and agreements as well as some very important high-level official contacts and talks concerning greater cooperation between Poland and other countries in the areas of agriculture, forestry and food industry.

For fair visitors, a great attraction was the jubilee National Horticultural Exhibit. The first exhibit was 60 years ago and it was also held on the grounds of the Poznan International Fair. The exposition was prepared by 200 exhibitors, among which were 15 horticultural combines, the Poznan Agricultural Academy, horticultural seed firms and a very large number of representatives from the horticultural association. There were also foreign exhibitors.

Horticulturalists amazed everyone with the beauty of their exhibit and the ingenuity of the exhibit's designs. We saw the flowers that one sometimes finds in flower shops but in an unexpected number and variety. Poland produces many flowers in Poland and they are also an export product. However, they do not sell themselves and in the opinion of experienced horticulturalists, exhibits such as the one in Poznan should be proposed to the inhabitants of Moscow, Leningrad or Prague. Along with the flower exhibits at Polagra, there were also sales of shrubs, seedlings and seeds. It was hard to get through the crowd.

In general, horticulture was richly represented at Polagra. For example, the horticultural cooperatives and Hortex showed all of our products such as fruits, vegetables, canned and frozen fruits and vegetables and flowers. Polish produce exporters have a good reputation abroad and their profits are growing every year. Opposite the Hortex pavilion, another "green" firm, Interpegro, showed its rich offerings of various Polish agricultural and horticultural products.

Most press reports from the fair have stressed the color and beauty of almost all of the pavilions. It is a pleasure to look at good food but any report on the event should also mention the makers of the means of production because they have such an important role in the production and processing of food. Aside from the large industrial firms such as Agromet or Spomasz, there were also present less well-known manufacturers whose production is quite important to agriculture. For the first time, these manufacturers have managed to display their goods on such a lavish scale. These firms are not only involved in service activities but they also produce different machinery and equipment. The overall value of this production and services was 113 billion zlotys last year and therefore not much less than that of the key industrial firms producing agricultural equipment. A very interesting part of this exposition was a demonstration of the possibilities for reconditioning spare parts and assemblies for agricultural machinery. At the present time, too few spare parts are reconditioned in Poland.

Modern Goods

Polagra also made it possible to become acquainted with what foreign firms have to offer the Polish food industry. For example, in the area of chemistry and plant protection, the British firm ICI has already been on the Polish market since 1967. Its numerous preparations are well-known here for their high quality and they are formulated in our chemical works at Sarzyno and Jaworzno using equipment provided by the producer. At the present time, this firm is expanding cooperation to include new agents for controlling weeds and grain diseases.

Cooperation with the Bayer firm is taking interesting directions to include a comprehensive technology for sowing wheat. It has been planned to start using modern chemical agents from Bayer and machinery from the firm of Rau on a small experimental basis at three state farms. If the results are good, there will be greater cooperation. Chemical agents provided by Bayer are very important in our agriculture. We buy more now than a few years ago and they now comprise a large percentage of the value of our imports in this area.

The German Democratic Republic's Fortschritt Trade Exchange is well-known to our farmers as a supplier of agricultural and horticultural machinery and equipment. Aside from these traditional products, we also saw at the Fortschritt exhibit new devices for the grain-milling and baking industries. Great interest has always been shown in Soviet heavy, treaded and light tractors that have already become a permanent part of Poland's stock of agricultural vehicles. An exposition of Soviet tractors tractor was presented at Polagra by the firm of Traktoreksport.

Fair visitors were fascinated by a machine that we still do not have in Poland. This was the small but powerful mining tractor (made by the Austrian firm of Rasani) that can be driven anywhere (at the fair, it rode up some stairs) and comes with a set of attachable working tools. There were still many other such interesting items of great importance to our leading

industries and one of these was the exhibit of the Dutch seed firm of Royal Sluis which has long been present on the Polish market and supplies Polish vegetable and flower producers with excellent seeds. The Swedish firm of Alfa Laval is also worth mentioning. Milkers are being produced on license from this firm by Archimedes in Wroclaw but they remain just a dream for many farmers because production is still so low. Possibilities for increasing cooperation in order to increase the output of this equipment is now being discussed. It is also worth adding that the Swedish partner is also cooperating with Polish industry to buy our vacuum pumps and manual milk separators.

One of the fair's events was a symposium organized by the GDR firm of PKL which is part of the Jagenberg group. The symposium participants, representatives of Polish firms from various industries, were shown in detail the workings of a technology for producing from cardboard modern packaging for various food products such as milk, beverages, etc.

In Poznan, there was much discussion about the future of Polagra. There were different opinions about the scheduling, frequency and length of upcoming fairs. There was no doubt that the fair was a successful presentation of Polish offerings. It also plays an important educational role as demonstrated by the interest shown by numerous visiting groups of farmers and others. However, the business side of this event must be carefully coordinated with the international fair calendar. As we have already said, some firms have to arrange their contracts before the fair and that is why many are asking whether the next fair can be held at a different time such as in August after the Poznan International Trade Fair. We will soon see some decisions and answers to these questions.

Meanwhile, one thing is for sure now. At the press conference, Vice-Premier Jozef Koziol informed his audience that the next Polagra fair will be held next year. The results of this year's fair show that this is a necessary event and should be held on an annual basis.

12261

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ECONOMY

YUGOSLAVIA

ECONOMIST SAVIN DISCUSSES STAGFLATION, REMEDIES, OUTLOOK

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 10 Nov 86 pp 21-24

[Interview with Dr Davor Savin, conducted by Milos Markovic, date and place not given: "Economic Developments: How to Escape from Stagflation"]

[Text] The Yugoslav public has become accustomed to having all economic policy measures represented to it as being urgent, extraordinary, temporary, or inter-venient, but on the other hand "essential for laying the groundwork" for serious reform. Hence any economic policy successes that may be achieved are similar in range and nature. The nervous wait for the monthly statistical reports on prices, production, and exports or imports has almost entirely obliterated from our consciousness the fact that current measures and the events they bring about in the economy also determine much of what will happen to overall economic and technological development in the coming years, the next decade or two, or even much later. Milos Markovic interviewed Dr Davor Savin on these matters.

[Question] At a time when the federal government is promulgating new measures, draft laws, and a draft resolution for next year, and when the effect of the measures it enacted this summer are still being evaluated, it is difficult to think of a better topic with which to open conversation than the current picture of conditions and events in the economy.

[Answer] The current economic situation is not exclusively either a direct or an indirect result of this summer's measures. The circumstances that have led to this situation arose in a different period. The June measures have, however, had a direct effect, and an unfavorable one, on prices and exports in the third quarter and now in the fourth one.

Growth of industrial output is now within a satisfactory range. In September the growth rate rose 5 percent relative to September 1985. It has increased by a total of 4.7 percent over the first 9 months of 1986. Under current Yugoslav conditions, these rates may be regarded as high.

The figures for exports are unpleasant. Exports over the first 10 months have been 3.2 percent lower than over the same period in 1985, and those to the convertible currency area 1.1 percent lower. It will be impossible to accomplish the planned increase in exports by the end of the year by any means. As a result it will not be possible for the balance of payments structure to end with the projected proportions.

The most unfavorable situation is that of prices. Retail prices, which represent inflation, were 94.4 percent higher in September of this year than in September 1985. The price increase in October amounted to 6.3 percent, that is, prices rose about 3 times higher than prices had risen in European countries over the entire year (it should be mentioned in passing that, despite the monthly growth, the annual inflation rate was lower in October, 90 percent, but this is due exclusively to the high 1985 base adopted in calculation).

How high will inflation be by the end of the year? It is often said that it will exceed 100 percent. If the average monthly growth in November and December is higher than 6 percent, 1986 will end with a 100 percent inflation rate. However, it is immaterial from the economic viewpoint whether inflation is 94, 97, or 100 percent. Crossing the 100 percentage point boundary is probably significant as a psychological experience, that is, as a crossing of an economic Rubicon.

[Question] Regardless of the 5 or 6 points of psychological consolation, everyone now refers to it only as 100-percent or three-digit inflation. Are we indebted for this small reserve to real events or to statistics. Is it only a question of time before statistical inflation reaches 3 digits?

[Answer] The reported price increase rate does indeed reflect a certain amount of underestimation. The statistical weights are obsolete in view of the changes that have taken place in consumption structure since the weighting structure was elaborated, but I will not go into this in detail. What appears to me to be more important is the very serious decline in the quality of goods and services. (I would point out that our taxis and buses, for example, are traditionally behind schedule and do not provide the minimum comfort implied in the cost of transportation.) These prices should have risen relatively little, in keeping with the drop in quality. Admittedly, it is difficult to quantify the decline in quality, but it is not impossible.

To judge by the force with which the factors which determine inflation are operating, inflation will probably exceed 100 percent next year. In fact, if the average monthly price increase next year is 6 percent, we will have this annual rate. Should the monthly rise in 1987 average, say, 4 percent, the annual inflation rate will be 60 percent. Logically, any economic policy in any country should provide each year that inflation will slow down because this is the least that it should offer the public.

I would say that not a single essential factor in price increases has been moderated, let alone eliminated. To illustrate: it is correct that the new interest and exchange rate policy has moderated the pressure on costs that existed earlier, but it is also true that low interest rates have increased the demand for credit (which is used, for example, to finance stocks of commodities). There has accordingly been a certain increase in aggregate demand on the market, with a direct impact on price increases, especially in retail trade. On what basis is it now believed that inflation will decline? Why should the monthly price increase drop from the 1986 average of 5.8 percent to 4 percent, or 60 percent annually? This would, of course, be a high rate, but still about 40 percent lower than in 1986, and just as much less probable. The errors of the so-called programmed inflation model introduced in July of this year are already

surfacing. They will have to be paid for, and the price will be high. The freezing of prices has resulted in accumulated pressures toward price increases and has disrupted relationships in primary distribution. The relative price relationships are so strained that, according to Market Research Institute studies, 70 percent of manufacturers surveyed are announcing changes in their prices in the next 6 months. This is the highest percentage recorded thus far in this survey. The gap between producer and retail prices, currently at around 20 percentage points, has widened. The additional manufacturing costs in the form of higher individual incomes will be gradually shifted from the "retail" area to the production sphere. (In a new cycle, individual incomes will again be adjusted to the increase in retail prices, or the cost of living.) We are threatened by a powerful new assault by inflation. Economic policy has no chance whatever of resisting it, inasmuch as it has no instruments available to it for macrocontrol of demand of income, efficient instruments, that is. If we are pounded by a price wave stronger than the economic policy authorities believe it will be, it will be necessary to resort to harsher forms of administrative price control, perhaps even including a price freeze in the coming months. If this should occur, the possibility of making any of the announced changes in the economic system will be out of the question. How would it be possible, for example, to shut down an unprofitable economic organization if its lack of profitability were to be due "primarily" to the fact that the organization's prices have been frozen? In what way can measures be taken to eliminate losers if they offer the defense that they have become losers because their prices are kept under control? Consequently, administrative price control opens the gates to maintaining the status quo in the Yugoslav economy and at the same time is a potential generator of new difficulties in the area of restructuring the economy, increasing exports, and immediately thereafter maintaining the external liquidity of the country. This is why I have stated that the programmed inflation experiment must prove to be costly in the very near future.

[Question] What is it in other economic events, the economic system, or economic policy moves that is of decisive importance in permitting constant "reproduction" of inflation?

[Answer] Above all, it is the high monetary expansion. In August the increase in the volume of money amounted to 100 percent, and so was greater than the nominal price increase. In effect, every increase in prices has been accompanied by the creation of more money, so that the assertion to the effect that the credit and monetary policy is a restrictive one, and this is sometimes heard, has no foundation in fact. And, by the way, every interpretation of the level of money supply for the economy based on indicators relating to change in monetary aggregates is incomplete. The reason for this is that, along with the "right" volume of money in the channels of influence, there is also "wrong" money in the form of unpaid bills of exchange, claims that have remained unsatisfied for years, revalued credit, etc.

An essential prerequisite for controlling inflation (but not an essential factor in inflation, since in my opinion costs are such) is reducing the liquid portion of consumption, that is, restraining growth of the monetary aggregates. At the same time, the existence of "wrong" money is pre-eminently the right question, that is, the problem of lack of proper order in this area.

There will be no prospects for checking inflation nor for lowering operating costs until a part of purchasing power has been removed from the market. This part should be set aside and frozen in financial reserves. Nothing will be accomplished so long as money is taken from one side and invested in another (for example, in "relieving the burden on the economy"). Unless part of purchasing power is neutralized, prices will go on rising for the foreseeable future. Inasmuch as this will not be done through voluntary increase in savings, it would seem that the time has come to employ fiscal policy in this area. However, I do not see even the announced major changes being taken in this direction.

[Question] We began at the end of the list of conditions in 3 areas which you used at the outset to illustrate the current economic situation. The next in this inverted order is export. By the way, although this certainly is not of special importance, how will export and import data be affected by the statistical shift to calculation based on current exchange rates?

[Answer] The export growth rate would be higher than the import growth rate. In the final analysis, the balance of payments based on current exchange rates could be more unfavorable by \$400 to \$500 million than if calculations were to be made by the method used in the past. To judge by exports, it may happen that we will have no balance of payments surplus, and if we do have one, it will be marginal. (There are no definitive data on tourism, and we do not know as yet what will happen with money orders from abroad.) And why aren't we making the required exports? Before answering that question, I should point out that exports have become an exogenous category of Yugoslav economic policy and that they can no longer be manipulated so as to adjust to the other macroeconomic aggregates to complete the balance sheet for the economy as a whole. Maintenance of external liquidity requires the opposite approach, that is, adjustment of the other aggregates to exports, which must literally increase at any cost and regardless of the losses occurring in the process. We otherwise would block the external liquidity of the country and check growth of the social product for good.

I think that there are three key reasons why we are not making the required exports. First, we have constant infusion of more or less liquid demand into the domestic market under the impetus of the surplus volume of money, but also of "wrong" money. Our manufacturers are not competitive. Fewer than one-third of them are able to export at prices higher than on the domestic market, as a result of which they would rather turn to domestic consumers. Secondly, individual sectors and activities lack the volume of output which could simultaneously satisfy both the domestic and the foreign markets. It appears to be a paradox, but a certain number of organizations are unable to export because there is no corresponding volume of sales on the domestic market. They offset export losses on the latter market. I know of economic organizations which export as much as 80 percent of their output because they are bound to do this by contracts with foreign partners but are suffering major losses for this reason. Consequently, a manufacturer who is unable to achieve the required sales volume in Yugoslavia cannot resort to exports because an increased output is a factor limiting sales on the foreign market. The third factor is uncompetitiveness, by which I mean lack of adjustment to the exchange rate, but many other factors as well. Even with much greater changes in the exchange rate

the required export level could not be reached, inasmuch as our products, as we assume is definitely clear, are often marked by obsolete performance and low quality, poor design, small production runs, etc. The marketing and personnel qualifications of our representatives abroad is another one of our great weaknesses. This is a factor which almost certainly deprives us of a certain percentage of potential annual export growth.

[Question] It would be advisable for us to return to the exchange rate.

[Answer] The model exchange rate policy that has been applied since July is based on something called a programmed inflation model. It is a question of a construct that has no foundation either in economic theory or in economic policy practice and experience in other countries, whether developed or undeveloped. Even if we assume for a moment that interest and the exchange rate exert considerable pressure on operating costs or on price rises, this pressure definitely is smaller than the effects of increasing gross individual incomes, which rise more rapidly than does productivity and which account for around 65 percent of the social product.

The fact is that we have lagged behind the fluctuation of the dinar exchange rate. However, even if we had offset the price rises (or rather the difference between Yugoslav inflation and inflation in the OECD countries) with exchange rate adjustments over the last few months, this would not necessarily have maintained the competitive ability of domestic industry as a whole. Why? For most of this year the prices of petroleum derivatives for the production sector have dropped by more than 20 percent. Consequently, the increase in other prices relative to those of petroleum derivatives has amounted to 120 percent. As a result, the exchange rate modification has had an above-average impact on the basic production sectors and a below-average impact on what are conventionally regarded as other sectors. Of course, this is not a specific feature of our country, but in a situation in which there is an absolute drop in exports, it has an especially great impact on us.

However, the crucial problem of our exchange rate policy is not just that it fails to provide the necessary incentives for existing exporters, but that it does not draw potential producers for the foreign market into the circle of active ones, that is, it fails to encourage associated labor organizations to reorient themselves from the domestic to the foreign market. From the viewpoint of immediate impact, the exchange rate has only a short-term effect on exports. This is beyond question. But if a steady policy had been followed in this area, without the frequent zigzags and continual introduction of unknown quantities, one economic constant would have been established which associated labor organizations could always rely on and which they could have included in their development plans. At the same time, they would have known that every investment, innovation, personnel qualification project, etc. designed to increase exports would have paid for itself, and there is no reason to doubt that they would have adjusted their production and operations to this parameter. At the level of the economy as a whole, this would be equivalent to what we call structural changes and qualification of the economy for constant export growth. There has been no such steadiness in the real exchange rate policy, and along with it steadiness in the given production structure and in the past behavior of economic organizations. To be absolutely accurate, a stable policy for the

so-called real exchange rate is not the only condition for ensuring constant growth of Yugoslav exports, but it nevertheless is a necessary condition. Accompanying measures are also needed in the credit and monetary area, fiscal policy, and customs and investment policy. However, there is no need to point this out, inasmuch as not a single country has succeeded in creating permanent foreign trade surpluses without taking measures in these areas.

[Question] You use the concept of necessary exports because of the link between exports and maintaining the external liquidity of the country. In considering this link we must, of course, look much further than when we were talking about inflation.

[Answer] The earlier assumptions on external liquidity to the end of the decade called for an increase in export prices of 3 percent a year, and this of course is overly ambitious. The most that is possible is for prices to rise as they do in the OECD countries. According to available estimates in these countries inflation will not exceed 2 or 2.5 percent annually over this entire decade. As a matter of fact, we cannot count on such an increase in selling abroad, inasmuch as it would be necessary to lower prices in order to market additional amounts of goods. In this context I have in mind not an absolute price reduction (since this would be meaningless), but a relative reduction in the prices of these or similar products which are sold on the world market. Consequently, domestic exports would have to be greater than would have been the case in order for our export prices actually to grow at a rate of 3 percent annually.

How essential are exports from the viewpoint of the optimum debt servicing coefficient? It seems that the idea is being abandoned of lowering this coefficient to 25 percent by 1990, in view of the fact that convertible-currency exports would have to increase 18 percent annually by 1990 (even with very ambitious assumptions regarding growth of non-commodity revenue). Considering the current situation with the production factors and the level of organization of the Yugoslav economy, there are no prospects whatever for achieving such exports. Nor must it be forgotten that lowering prices in the OECD causes relative increase in our debt, expressed in dinars, inasmuch as it would be necessary to export more goods to earn the same amount of foreign exchange income which could have been earned with lower exports at the time the credit was obtained.

A higher debt servicing coefficient than that planned narrows the area for imports so that with the current structure of the factors which determine their growth the most that we can expect is an average annual growth of the social product of 3 percent for the rest of this decade. Consequently, it will be possible for productivity to grow at a maximum rate of 1 percent annually. This is not enough in order to keep up with other countries, let alone reach their current level of labor productivity.

[Question] What debt servicing coefficient can we realistically expect, then?

[Answer] It will surely stay substantially below 30 percent for this entire decade. It is precisely this fact which demonstrates that, when the basic macroeconomic relations are quantified, the social product may not exceed an average growth rate of 3 percent annually.

[Question] And what about the debt in absolute terms?

[Answer] By the end of the decade Yugoslav indebtedness will probably amount to around \$19 billion, inasmuch as rescheduling will result in an increase in the absolute amount of the debt by approximately as much as the previously created debt will in turn be reduced. However, this by no means implies that the situation as regards the difficulty of the problem of securing external liquidity will remain similar to what it is today. Above all, "new" interest is paid on rescheduled debts (which may be regarded as the equivalent of new loans but not ones intended for development). According to my estimates, Yugoslavia will pay a total of around \$8 billion in interest on old and new credit over the 1986-1990 period. (This sum would, for example, pay for the tunnel now being dug under the English Channel, together with the entire infrastructure, and for purchase of 20 of the most modern railroad trains.)

Rescheduling the debts makes their repayment easier, but when the new credit becomes due for payment the relative situation of the economy will be worse than it has been up to the present, even if the amount of the current payments should remain exactly the same. The reason for this is that we repay part of current credit out of the increased production that we started up with this credit. (I say part because a significant amount of the foreign capital borrowed has been used for non-productive purposes, for investment in inefficient and failed project, and in addition has been used to finance the overvaluation of the dinar for many years.) However, new credit is hardly used at all for development purposes. It does not start up new production but is used, in the absence of foreign exchange revenue of our own, to ensure regular payment of foreign obligations that have matured. No increase in foreign exchange income is accordingly to be expected from this new credit, and new loans must be repaid out of revenue generated with available equipment and existing production factors. And we see that this cannot be accomplished with the current disposition and existing organization of production. If the necessary changes are not made in the economic system and unless the production structure is modified, by the beginning of the 1990s our economic situation will be dramatically worse than it is today.

[Question] What are the prospects that money for development can nevertheless be found in absolute increase in indebtedness?

[Answer] First of all, I am not sure that we would even find foreign creditors at all willing to extend us medium-term and long-term credit. But even without this obstacle, if the current solutions are retained in the economic system, any absolute increase in debt would embroil the country in problems from which it could not extricate itself without major sacrifices. The absolute debt volume does not, of course, mean much. In other circumstances our debt could have been much larger. It would be much better for Yugoslavia to owe 190 rather than \$19 billion if this money had been used efficiently, in profitable production of exports which would have permitted regular servicing of debts and payment of interest, rather than for us to be entirely eliminating the capital accumulation base needed for development of the economy by repaying debts in addition to the current \$19 billion. Precisely for this reason I insist on a functional linkage: exports plus external liquidity plus production growth. If exports fail to reach the growth rate needed for causing

the debt servicing rate to drop to a level permitting growth of the social product at a rate of at least 3 percent annually, Yugoslavia will become technologically backward for good. No economic policy interventions will be able to remedy the situation. In the industrialized countries, about 75 percent of increase in the social product is based in the current economic cycle on sophisticated technology and modern equipment. From the technological viewpoint the world is entering a new stage of development. It is preparing itself for the 21st Century. In the United States and Japan a transition is slowly being made to a system called FMS (flexible manufacturing system), something entirely new in economic theory and practice. It entails narrow specialization which makes it possible to manufacture virtually any product within a given sector of labor by means of highly robotized technology. By way of illustration, in one such enterprise I was told that the plant was capable of producing anything "of metal, round, and up to 1 meter in diameter," that is, anything at all required. You can imagine the potential for improving quality and the degree of specialization involved. Actually, this is only the beginning, but we are nowhere near this beginning. According to planning documents, the bulk of our investments during the forthcoming period are for power engineering. This will be tantamount to a catastrophe because there will be nothing left for other areas. Insofar as power engineering is concerned, I am convinced that in this stage of our development it is more rational to invest our funds in processes which would reduce energy consumption per unit product and thus permit true energy conservation, but this is, of course, a separate field of investigation.

To understand the position of the Yugoslav economy now and where it will be over the next 15 years, that is, up to the end of the century, we must consider that planned rate of growth of the social product per inhabitant will be raised to a probably unrealizable 4 percent annually (this meaning that the social product would have to grow at about 5 percent annually). Should the Yugoslav economy develop at this rate, in the year 2000 it would have somewhat less than the current \$3,000 per inhabitant, or less than the economy in Greece has today. It follows that the economic policy measures taken today determine the standard of living of our grandchildren. Moreover, I believe that not even the term "dramatic" is strong enough to describe the technological backwardness of Yugoslavia and the economic consequences resulting from it.

[Question] What could the shapers of economic policy do here, for our grandchildren at least if not for us?

[Answer] There is very little room for carrying out economic policy in Yugoslavia. We do not have any crucial macroeconomic instruments available to us with which to manage the economy. The example of fiscal policy is definitely typical. Fiscal instruments are distributed among government agencies in a way that yielded exceptional results in the Middle Ages. There is also the problem of the relationship between the short-term and long-term effects of economic policy. I do not know of a single constant which should be incorporated into economic life, regardless of whether it suited someone or not, that would have a permanent effect on economic agencies. Changes and additions are constantly being made, this narrowing the horizon of certainty to the minimum, making planning impossible, and greatly complicating the process of discounting future values to current ones.

Resources are also lacking for carrying out economic policy. There are no financial reserves, as I have pointed out, which would enable the government to react promptly and unimpeded. To make this thesis clearer, I will illustrate it with the example of the draft resolution for 1987. According to the resolution, exports and investments should represent a dynamic factor in growth of the social product. How can demand be transferred from the area of individual consumption without macroeconomic instruments with which to manage this demand? Or consider the problem of the small-scale economy, which has developed only to a very modest extent despite numerous programs and fine words. We have no prospects at all here without appropriate intervention by the government to provide the necessary infrastructural conditions and to define the monetary, interest rate, fiscal, and customs context essential for the activities of small and medium-sized enterprises.

Consequently, without instruments and without a financial base, economic policy is doomed to react ad hoc, tardily, or as often happens, not to react at all. Timely reaction, defined as action taken whenever signs appear that threaten to disrupt the stability of the system or of economic processes, is already a weak point of economic policy. Older evidence is the petroleum crisis and the complete absence of measures for adjusting the economy to the changed conditions of supply and prices of fossile fuels, and recent evidence is the "eureka" project, in which we appear to be behind for good.

[Question] Your proposals for action which could be taken in a very short period (you insist on this term) are well known and were not exactly made yesterday. Has anything changed in the real economic situation that in your opinion would make them doubtful?

[Answer] We continue to be confronted by different forms of economic imbalance. There is no accumulated capital for structural adjustment of the economy, nor will there be enough such capital. Consequently, growth of the social product must be based on activities in which all needed resources exist and in which there is slight dependence on imports, that is, where manpower, production factors, and dinar and foreign exchange funds are available. I have talked about this often in the past. This is my repeatedly stated position in the matter, so I will repeat it here only in broad outline. These areas are agriculture, the small-scale economy, housing activities, and tourism. However, I am not speaking exclusively of the private sector in the case of agriculture and small-scale economy. As regards housing consturction, say, as much as \$2 billion can be drawn from workers employed abroad. The multiplication factor in this activity, on which we usually keep no accounts and for which we perform no calculations, is around 4 (as against around 1.3 based on the average in the economy), and the import component represents only 6 to 7 percent. On the other hand, the primary factor in domestic inflation is individual incomes. They will always increase in accordance with the cost of living rather than productivity. They must increase even where productivity is absent and the organization oeprates at a loss. The decisive element in the cost of living is food (it accounts for more than 60 percent), and so it is clear why I emphasize agriculture. However, I do not mean to imply primary agricultural production exclusively, but all stages of processing. I am often asked to whom we will export agricultural products. When this question is asked, the person asking forgets the entirely new possibility of exporting

products involving advanced stages of processing. For example, we now obtain several dozen, and possibly a few thousand, products from corn. However, even if we do not export food, lowering the cost of living and inflation narrows the gap between domestic and foreign prices and makes room for growth of other exports.

I know that the future of Yugoslavia is not in these activities, but they are a basis for what is possible and needed at the present moment. After all, in the short term it is not possible to invest in electronics and sophisticated technology, and development of the activities I have mentioned can yield results in a very short time. This would make room for growth of the social product that could not be achieved by any other method. At the same time it would make the most direct contribution to lowering inflation. An aggressive and intelligently conceived economic policy in the areas I have mentioned would in only 1 or 2 years yield results in increasing production which subsequently would snap the stagflationary spiral that now threatens to leave us behind the other countries of Europe.

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MILITARY

ROMANIA

FOREIGN POLICY MOVES TO STRENGTHEN NATIONAL SOVEREIGNTY

Bucharest REVISTA ROMANA DE STUDII INTERNATIONALE in Romanian Sep-Oct 86 pp 358-374

[Article by Sigeo Mututshika, doctor of the Faculty of Law of the University of Bucharest: "Some Basic Directions of Romania's Foreign Policy for Strengthening Its National Sovereignty"]

[Text] After World War II, the features of international relations changed radically. Usually conducted among the strong countries, they are now conducted with the participation of all states. The small and middle-sized countries played an extremely important role in international detente in the cold-war period. They formed into the nonalignment movement, fighting against the policy of blocs, and, as a result, helped to reduce international tension. In this process, to them goes special merit in carrying out the process of decolonization, as a result of which over 100 colonial countries gained their state independence.

In Europe too, the small and middle-sized countries have struggled to gain, maintain, and consolidate their sovereignty. To this category belong the countries that promote a policy of neutrality and nonalignment, known within the Conference for Security and Cooperation in Europe as the "n+n" group, composed of Austria, Cyprus, Switzerland, Finland, Yugoslavia, Liechtenstein, Malta, San Marino, and Sweden. Although there are differences among them in the way in which they decided to adopt this policy and the way in which they have promoted it (Footnote 1) (See: K. Birnbaum and H. Neuhold (eds), "Neutrality and Non-Alignment in Europe," Austrian Institute for International Affairs, Austria, 1981), all these countries have common interests in strengthening their sovereignty and independence and in avoiding the monopolization of the decisionmaking process in international relations by the great powers, in participating actively in international life, in promoting not a policy of force and of blocs, but one of detente and disarmament, and in strengthening the authority of the United Nations and the role of international law.

Between Romania and the "n+n" group there are many common points on an international plane, with both Romania and this group's countries promoting an independent foreign policy. Romania's membership in a bloc does not impede the promotion of an independent foreign policy, but it entails the taking of many more factors into account than in the case of the "n+n" group's member

countries. On precisely this point we distinguish one of the specific traits of Romania's foreign policy, which has traveled a long and difficult path until reaching the independent and multilateral character that it now has.

After it declared war on Germany, Romania's primary objectives consisted of nullifying the Vienna diktat of 30 August 1940, through which the northwestern part of Transylvania had been annexed to Hungary, and of obtaining as favorable conditions as possible through the peace treaty. Romania participated actively in the anti-Hitler war. On 13 August 1946, Romania's governmental delegation to the Paris Peace Conference mentioned its important contribution to Germany's defeat, the involvement of 540,000 combatants in the fighting, the sacrifice of the 170,000 Romanian military personnel, and the financial effort of over \$1 billion. (Footnote 2) (N. Ecobescu (coordinator), "Relatiile internationale postbelice, Cronologie diplomatica 1945-1964" [Post-war International Relations, a Diplomatic Chronology, 1945-1964], Politica Publishing House, Bucharest, 1983, pp 41-42)

Nevertheless, with the exception of the requirement regarding northwestern Transylvania's reintegration into the country's territory, the peace treaty's provisions were not fair to Romania, since the treaty did not give it the status of a cobelligerent and contained "many harsh clauses and many unjust clauses." (Footnote 3) (Ibidem, p 62) In the field of obligations for restitution and reparations, for instance, Article 24's provisions stipulate the date of 1 September 1939 as the starting date for putting into effect the obligations to restore the rights and interests of the United Nations, although, as is known, Romania entered the war only on 22 June 1941. The same provisions stipulate that reparations were also owed for the period after 23 August 1944, when the damage to the members of the United Nations was caused by the German and Hungarian Armies. Article 26 provided for the transfer of all German property in Romania to the USSR. (Footnote 4) (For details, see: "The Speech Given by Gh. Tatarascu on 23 August 1947," ibidem) Such provisions had their origin in the Soviet-Romanian agreement concluded on 16 January 1945 with regard to supplying Romanian goods as compensation for war damage, with a total value of \$300 million, of which petroleum products represented \$150 million. On a military plane, Article 21 stipulates that the Soviet armed forces, "which could be needed for maintaining the Soviet Army's lines of communication with the Soviet occupation zone in Austria" (Footnote 5) (Ibidem, pp 49-50), would remain on Romania's territory, as an exception.

Thus, between 1944-1946, Romania's sovereignty was strongly affected both economically and politically, which entered into the spirit of the talks between Churchill and Stalin, through which the USSR's hegemony over Romania was established. (Footnote 6) (St. Lache and Gh. Tutui, "Romania si Conferinta de pace de la Paris din 1946" [Romania and the Paris Peace Conference in 1946], Dacia Publishing House, Cluj-Napoca, 1978, p 130)

With the start of the cold war, there followed a period of confrontation between the superpowers during which the political and military blocs were created. Along with the other East European countries, Romania became a member of the Council for Mutual Economic Assistance (January 1949) and the Warsaw Pact (May 1955).

The next period (1955-1958) was the one in which Romania consolidated its sovereignty, succeeding in rejoining the international community, as a result of its admission as a member of the United Nations. All these things were accomplished in the atmosphere of "thawing" occurring between the two superpowers. The agreement through which the Soviet Government transferred to Romania the Soviet share in the joint companies (Sovrom) was concluded, an action through which Romania gained its full economic independence. In addition, on a political plane, the withdrawal of the Soviet troops from Romania's territory was concluded in June 1958.

The years 1959-1963 are regarded as a period of transition toward an active and independent foreign policy. Gaining its full sovereignty, Romania began to put the accent particularly on economic development on the basis of industrializing the country. For this reason, two new phenomena appeared: divergences within CEMA, especially between Romania's interest in independently devising its plans for national development and the tendency to create organizations with superstate prerogatives within CEMA (Footnote 7) (See: J.M. Montias, "Economic Development in Communist Rumania," MIT Press, Cambridge (Mass), 1967), and the diversification of Romania's foreign economic relations, especially the expansion of its ties with the developed capitalist countries. (Footnote 8) (In 1959, between 20 June and 14 August, a Romanian governmental economic delegation visited Switzerland, France, Great Britain, Holland, and Italy, "discussing long-term problems of the development of Romania's relations with these states"--N. Ecobescu, op. cit., p 27.)

At the same time, the complex developments--especially the detente between the USSR and the United States and the appearance of the divergences and the intensification of the polemic between the USSR and China--stimulated the promotion of an independent foreign policy for presenting Romania's own viewpoints in connection with complex international problems.

In this context, the year 1964 became an extremely important year. A Romanian delegation visited China and the USSR to "obtain the agreement on an immediate cessation of the public polemic." (Footnote 9) (SCINTEIA, 26 April 1964) As a result of this visit, "The Declaration Regarding the Romanian Workers Party's Position on the Problems of the International Communist and Working-Class Movement" was published, a document that is of particular significance, constituting the first official manifestation that presented conclusively the Romanian party and state's view on the main problems of international relations and on the basic principles of relations among states. This document laid the foundation for a policy of developing relations with all states on the basis of strict respect for the principles of international law. In the application of this policy, the visit of the chairman of Romania's Council of Ministers to France (27-31 July) and the visit of Austria's vice chancellor to Romania (6-11 April) occurred in the very same year. Representatives of the Romanian Government visited the United States to discuss the development of economic and trade relations (18 May-1 June).

In the present article, we will analyze some directions of Romania's foreign policy that appeared as a result of such processes, also devoting attention to the reasons on the basis of which this policy was promoted.

I. The wide development of bilateral relations with all states of the world constitutes one of the directions of Romania's foreign policy. Through such a policy, the diversification of economic exchanges is achieved and the country's sovereignty and independence can also be consolidated. Close relations with just a single country or a certain group of countries sometimes leads to dependency on the respective country or group of countries.

In consequence, Romania has promoted and promotes foreign relations not only with the USSR and the other member states of the Warsaw Pact and of CEMA but also with the People's Republic of China, Yugoslavia, and all other socialist countries in the world, stressing that, "continually strengthening the friendship and collaboration with all the socialist countries, we have not conceived and do not conceive the expansion of the relations with one socialist country to the detriment of the relations with others, we have not counterposed and do not counterpose friendship with one country to collaboration with other countries." (Footnote 10) (Nicolae Ceausescu, "Romania pe drumul construirii societatii socialiste multilateral dezvoltate" [Romania on the Way to Building the Multilaterally Developed Socialist Society], Politica Publishing House, Bucharest, Vol 17, 1979, p 301)

Romania feels that socialist relations must be of a new type, based on equality and different from the old ones of the capitalist countries, based "on inequality and national oppression, on domination of the weak by the strong." (Footnote 11) (Nicolae Ceausescu, op. cit., Vol 13, 1977, pp 916-917) These new relations among the socialist countries can be promoted only on the basis of the basic principles of international law. In the Romanian view, these principles "must be applied consistently in the relations among all socialist countries, in conformity with the requirements for collaboration and the international documents adopted by all states." (Footnote 12) (V. Duculescu, "The Prominent Role of International Law in the Achievement of Disarmament," REVISTA ROMANA DE STUDII INTERNATIONALE (RRSI), 1-2 (57-58), 1982, P 89) In other words, the basic principles cannot be violated under the pretext of the principles of socialist internationalism or comradely mutual aid. Regarding the principle of sovereignty and independence, which constitutes the core of these principles, the president of the Socialist Republic of Romania says: "We do not feel that there can be reasons of any kind that would lead to the limitation of a socialist state's sovereignty. Socialism itself starts from each people's right to organize its life as it wishes; socialism cannot be achieved except by each people that has come to understand the necessity of social transformation." (Footnote 13) (Nicolae Ceausescu, op. cit., Vol 10, 1974, p 156)

Romania has declared openly that it is natural for divergences and differences of opinion to arise or exist between different socialist countries. (Footnote 14) (Nicolae Ceausescu, op. cit., Vol 16, 1979, p 516) However, it is emphasized that "they must not harm under any circumstances the good relations between the socialist countries and peoples, their friendship and solidarity" (Footnote 15) (Nicolae Ceausescu, op. cit., Vol 17, 1979, p 302) and that they must not degenerate under any circumstances into extremely serious actions, such as supporting the counterrevolutionary elements in some countries and urging them to rebel against the governments, acts that flagrantly contravene

our revolutionary outlook on the world and life, the norms and principles of relations among the socialist countries, international law itself, and the UN Charter. (Footnote 16) (Nicolae Ceausescu, op. cit., Vol 10, 1974, p 355-356) Therefore, in order to avoid this danger and secure the interests of each socialist country and of socialism in general, Romania feels that the divergences among the socialist countries must be resolved by means of direct discussions and negotiations from party to party, from country to country. (Footnote 17) (V. Sandru, "Romania's Active Policy of Strengthening the Friendship and Solidarity and Developing the Collaboration With All the Socialist Countries," REVISTA ROMANA DE STUDII INTERNATIONALE, No 1 (43), 1979, PP 52-54)

In addition, Romania develops collaboration with the developing countries, defining itself, in 1972, as a developing socialist country, as a result of adopting both the criterion of the social and political system and the criterion of the level of economic development. The reason why Romania is still a developing country, although it has turned to forging the multilaterally developed socialist society, consists of the fact that the building of a new order from a viewpoint of production relations, the construction of Romania's unitary socialist economy, did not automatically mean as well the elimination of the lag in the level of development of the production forces. (Footnote 18) (I. Barac, "Romania and the Developing Countries," REVISTA ROMANA DE STUDII INTERNATIONALE, No 1 (35), 1977, p 51)

The development of collaboration with the developing countries is justified by an original interpretation of the contradictions on an international plane, with Romania rejecting the thesis according to which the division of the world into rich countries and poor countries would "lose sight of" the class content of the contemporary social and economic processes. (Footnote 19) ("Discussion: The Contradictions of the Contemporary World" (II), ERA SOCIALISTA, No 18, 1983, p 33) In the Romanian view, the fact that the international system was created by capitalism does not mean that it constitutes a linear extension of certain class relations. This system of relations developed not as class relations but as relations among national states. The class relations on an international plane manifest themselves "through the activity of the states and the relations among nations and states." (Footnote 20) (V. Secares, "The Contradictions of International Life in the Current Stage," ERA SOCIALISTA, No 24, 1982, p 24) Therefore, the contradictions with a class character on an international plane cannot be identified with those existing on a domestic plane, the exploited on a world level are not classes lacking means of production but peoples of states that do not have the means of production needed for economic development, the developing states, and the exploiters are the imperialist and neocolonialist states. Thus, in the Romanian view, the confrontation between the rich countries and the poor ones is a contemporary form of the class struggle on an international plane. (Footnote 21) ("Discussion...", op. cit., p 83) On this basis, along with the old contradictions, the contradictions between the rich countries and the poor countries are also distinguished. (Footnote 22) (Nicolae Ceausescu, "Raport la cel de-al XIII-lea Congres al PCR" [A Report to the 13th RCP Congress], Politica Publishing House, 1984, p 73)

Relying on such reasoning, in order to promote collaboration with the developing and nonaligned countries, Romania became a member of the Group of 77 in 1976 and participated, as a guest, in the Conference of Heads of State and Government of Nonaligned Countries in 17 August 1976. (Footnote 23) (Beginning in 1977, Romania participated regularly as a guest in the meetings of the nonaligned countries.) The participation of countries belonging to military blocs--the Philippines, Portugal, and Romania--as guests in this conference is regarded as an expression of the realism and justness of this movement, as recognition of the fact that the goals and objectives of the nonaligned countries are attained only through wide collaboration with all countries that are struggling to build a new international order. (Footnote 24) (I. Mielcioiu, "The Colombo Conference of Heads of State or Government of Nonaligned Countries--Romania's Participation," REVISTA ROMANA DE STUDII INTERNATIONALE, No 35, 1977, p 73)

As far as Romania is concerned, this participation means the reflection of its desire to further develop relations of collaboration and solidarity with the nonaligned countries. (Footnote 25) (Ibid., p 81) This collaboration is accomplished by starting from the view that the essential thing consists not of membership or nonmembership in military blocs but in the independent position and mode of action of the respective states, due to the fact that the military blocs appeared under certain historical circumstances and that they are not and cannot be immortal. (Footnote 26) (I. Mielcioiu, "Some Considerations Regarding the Nonalignment Movement and Romania's Position on This Movement," REVISTA ROMANA DE STUDII INTERNATIONALE, 3 (33), 1976, p 269) Thus, it is stressed that Romania's participation in the movement of the nonaligned is not at variance with the fact that it is a member of the Warsaw Pact but, as the president of the RSR [Socialist Republic of Romania] says, "is integrated perfectly into the general policy of our country--a socialist country and, at the same time, a developing country--of strengthening the solidarity with all the progressive forces, of promoting the principles of peaceful coexistence, and of expanding the collaboration with all states, regardless of social order, in order to go beyond the policy of blocs and achieve international security and detente." (Footnote 27) (Nicolae Ceausescu, op. cit., Vol 12, p 298. The strengthening of the collaboration with the nonaligned countries can be interpreted as a way in which Romania tries to distance itself from the policy of blocs. See: C. Bogdan, "Toward a New World Equilibrium," REVISTA ROMANA DE STUDII INTERNATIONALE, 3, 1984, p 214)

Starting not only from the fact that in the world there are states with different social orders but also from the perspective that they will continue to exist for a long time yet (Footnote 28) (Nicolae Ceausescu, op. cit., Vol 16, 1979, p 521), Romania stresses the necessity of developing relations of collaboration with the developed capitalist countries in the spirit of peaceful coexistence. (Footnote 29) (Nicolae Ceausescu, op. cit., Vol 13, 1977, p 108) In the Romanian view, the differences in social order and the ideological struggle must not affect the relations among states, with the existence of states with different political and economic systems necessitating the development of peaceful relations and wide collaboration among them. (Footnote 30) (Grigore Geamanu, "Drept international public" [Public International Law], Vol I, Didactica si Pedagogica Publishing House, Bucharest, 1981, p 255)

Collaboration among countries with different social orders offers--by intensifying the relations, contacts, and exchanges of opinions--the possibility of finding mutually acceptable solutions for problems of common interest and for the resolution of current problems of international life. (Footnote 31) (Nicolae Ceausescu, op. cit., Vol 2, 1967, p 440) Thus, collaboration among countries with different political, economic, and social systems creates an atmosphere of mutual understanding and of trust, facilitates the achievement of disarmament, and, as a result, provides an effective system of peace and international security. (Footnote 32) (Gr. Geamanu, op. cit., p 259) At the same time, Romania stresses the fact that this collaboration does not affect its own policy. As the RSR president says, "The development of diplomatic relations, of political, economic, cultural, and scientific collaboration among countries having a different social order, does not mean the acceptance of the policy and viewpoints opposed to one's own orientation." (Footnote 33) (Nicolae Ceausescu, op. cit., Vol 13, 1977, pp 213-214)

The view on the securing of political independence through the expansion of relations with all countries in the world also appears in the relations among parties. The Romanian Communist Party promotes relations with all communist parties, including those in Western Europe (the so-called Eurocommunist ones), with the socialist and social democratic parties, with all the realistic and anti-imperialist progressive forces, on the basis of "international solidarity." In the opinion of the Romanian experts, the concept of "proletarian internationalism" or "socialist internationalism" no longer reflects the changes occurring in the world. The resolution of the contradictions and so complicated problems of international life cannot be done except through the unity of all the progressive, realistic forces, regardless of their class nature, with this unity being defined better by the wider and more comprehensive notion of "international solidarity." (Footnote 34) (D. Turcus, T. Caraciuc, and C. Florea, "Solidaritatea militanta cu toate fortele revolutionare si progresiste" [The Militant Solidarity With All the Revolutionary and Progressive Forces], Politica Publishing House, Bucharest, 1981, pp 77-88) On this basis, Romania is developing a new unity with these forces, respecting each party's autonomy and independence and repudiating any kind of hegemony, center, or model for the international solidarity of these forces. (Footnote 35) (Ibid., pp 55-67) In this context, stress is put on the importance of the fact that the relations among parties must be conducted "in an organized framework, from party to party, from leadership to leadership. One party's attempt to establish, outside the organized framework, relations with members or groups in another party constitutes a violation of the principle of proletarian internationalism, an action to destroy this party's unity." (Footnote 36) (Nicolae Ceausescu, op. cit., Vol 2, 1968, pp 287-288)

In the economic field too, Romania develops foreign relations with all states of the world. The diversification of foreign trade with more and more countries helps to consolidate political independence, since the dependency on the importation of extremely important raw materials and the concentration of exportation from and to certain countries lead to vulnerability. "Economic independence can be strongly affected in the case in which foreign trade--as a whole or in a certain product--is concentrated on and limited to a small number of countries. The potential or real negative consequences of the

evolution of the unfavorable domestic or foreign economic and political situation of the partners can and must be avoided through the policy of diversifying the supply and commodity markets." (Footnote 37) (C. Moisuc, "Foreign Trade in the Strategy for Developing the Romanian Economy" (I), REVISTA ECONOMICA, 1983, No 9, p 12)

The view of diversification of relations is also applied in the field of military collaboration. Romania stresses the need for military collaboration not only with the Warsaw Pact's member states but also with all socialist countries and the other friendly countries. As in other fields, this diversification has the role of consolidating Romania's independence. In connection with collaboration with "the other friendly countries," President Nicolae Ceausescu said in 1973: "As you know, however, new things have appeared in the world, states have appeared which are speaking out firmly for an independent policy, which are organizing their life on new bases, many of them are following the path of socialism. The problem of developing relations of collaboration and friendship not only along a political and economic line but also along a military line with these states is being posed more and more. And you know very well that the contacts with these states as well have been and are being intensified. We feel that the development of relations along the line of the military with the countries that are following the path of an independent policy must also be of more concern to the military personnel in our armed forces." (Footnote 38) (Nicolae Ceausescu, op. cit., Vol 8, 1973, p 526)

II. Romania's policy of collaboration with all states and all progressive forces in the world on a political, economic, and military plane ensures its sovereignty and independence, on the one hand, and contributes to international peace, security, and detente, on the other hand. At the same time, this policy can yield complete results only under the conditions of peace, security, and detente.

Simplifying things, it can be said that in the cold-war situation the international system's structure took the form of a "bipolar axis," with each member acting as part of the "pole" to which it belonged, it sometimes being asked to pursue the interest of the whole bloc at the sacrifice of its own national interest, even of its sovereignty. In this situation, obviously, it is not possible to promote wide relations with all countries in the world. Under the conditions of "detente," however, the international system's structure becomes a complex of "multipolar axes," with each state having a wide field of action for promoting its own national interest.

Referring to the negative influence of the military blocs, a Romanian expert wrote: "The military blocs constitute the most important element that causes, on the one hand, the continual intensification of the arms race in general and the nuclear arms race in particular. Since their creation, the military blocs have represented the instrument of the policy of force that has affected political relations both between the countries belonging to opposed military blocs and relations with the countries outside the blocs and even among the countries belonging to the same bloc. Ruthless intervention in the internal affairs of states with regard to political and economic orientations, the trade in arms, and economic dependency are a few of the fields in which the

policy of force and dictation of the 'leader' emerges." (Footnote 39) (Ion Sutu, "Cursa inarmarilor nucleare si implicatiile ei politice si sociale, Problemele pacii si ale razboiului in conditiile revolutiei stiintifice si tehnice. Necesitatea istorica a dezarmarii" [The Nuclear Arms Race and Its Political and Social Implications, the Problems of Peace and of War Under the Conditions of the Scientific and Technical and Revolution. The Historical Necessity of Disarmament], Politica Publishing House, Bucharest, 1977, pp 89-91)

In the same context, it is possible to mention the repudiation, in Romanian political literature, of the identification of the contradiction between capitalism and socialism with the "East-West conflict." In a Romanian expert's opinion, the elimination of the bourgeois mode of production is done by different forces, in different ways and forms, and the view which identifies this contradiction with the opposition between the socialist countries and the capitalist countries, which reduces everything to the phenomenon of polarization of the world, is thus simplistic. This polarization was due not only to the struggle for socialism but also to certain specific conditions created by the bipolar confrontation on a political, military, and ideological plane, in terms of power, entailing the creation of the military blocs and the accentuation of the policy of force, the division of the world into spheres of influence, etc. As a result, "interests and objectives of economic, social, and political development in different countries" are sacrificed and "the freedom to choose one's own ways of development, including one's own path toward socialism" (Footnote 40) (V. Secares, op. cit., p 24), is denied. Consequently, there is distinguished the danger that is presented by the prospect of the confrontation between the "two camps," the reduction of the contradiction between capitalism and socialism to the military expression of the opposition between the two military blocs. The viewing of these two elements as identical would entail "the relinquishing of any autonomous judgments, of any independent position, total alignment with the policy of one bloc or another, of one state or another, and uncritical, unconditional acceptance of all their political and military orientations." (Footnote 41) ("Discussion: The Contradictions of the Contemporary World" (1), ERA SOCIALISTA, No 17, 1983, p 20)

Thus, Romania is acting especially to create the international conditions that would allow each country to promote an independent policy, and for precisely this reason, Romania lays stress on the necessity of resuming the policy of detente and on the objective of abolishing the blocs. In this context, Romania has emphasized the importance of discussions outside the military alliances, with the participation of all states on the basis of fully equal rights, within the Conference for Security and Cooperation in Europe (Footnote 42) (R. Neagu, "The Preparations for the Conference for Security and Cooperation in Europe," in C. Vlad (coord), "Romania si securitatea europeana" [Romania and European Security], Politica Publishing House, Bucharest, 1977, pp 67-77; V. Lipatti, "Conferinta pentru securitate si cooperare in Europa" [The Conference for Security and Cooperation in Europe], Politica Publishing House, Bucharest, 1985, pp 33-45), and the conducting of negotiations and relations from country to country within the framework of the economic collaboration between CEMA and the Common Market. (Footnote 43) (Nicolae Ceausescu, op. cit., Vol 8, 1974, pp 556-557) Regarding the relations with the Warsaw Pact, the president of the Socialist Republic of Romania stated clearly: "The fact that

Romania is a member of the Warsaw Pact is not of a nature to limit its independent foreign policy in any way. This pact was created to defend each member nation's independence in the case of attacks from outside and it justifies its existence only insofar as each country completely secures its independence in conformity with its own interests." (Footnote 44) (Nicolae Ceausescu, op. cit., Vol 16, 1979, p 572. Regarding the dispute between some members of the Warsaw Pact that were trying to increase their military expenditures in response to the decisions on the strengthening of NATO's military power, on the one hand, and Romania, which was interested in stopping the expenditures, on the other hand, see: Ibid., Vol 17, pp 217-240)

Such a view is specifically Romanian. It dates from 1945, before the period of tension due to the cold war, when, at the RCP National Conference, it was asserted that there was a need "not for a policy of 'balance of power,' not for a policy of dividing the world into 'blocs,' but for one of understanding and collaboration among peoples and among states." (Footnote 45) ("Conferinta Nationala a PCR" [The RCP National Conference], RCP Publishing House, Bucharest, 1945, pp 10-11) It appeared again in the government's proposal to the United Nations regarding "Actions on a Regional Level To Improve the Good-Nighbor Relations Among the European States Belonging to Different Economic and Social Systems" (Footnote 46) (N. Ecobescu, "Dezarmarea, cronologie 1945-1978" [Disarmament, a 1945-1978 Chronology], Politica Publishing House, Bucharest, 1980, pp 135, 219-220), in 1960, in the period in which Romania started to expand and diversify its foreign relations, beginning in 1964. Romania is stressing more and more clearly the necessity of abolishing the military blocs. A first reference in this regard was formulated as follows: "The People's Republic of Romania has spoken out and is speaking out further in favor of concluding a nonaggression pact between the Warsaw Pact Organization and the North Atlantic Treaty, seeing in this a transitional action directed toward eliminating the harmful division of the world into military blocs." (Footnote 47) (SCINTEIA, 30 January 1964) This idea was revived in "The Declaration Regarding the Romanian Workers Party's Position on the Problems of the International Communist and Working-Class Movement" in April 1964 (Footnote 48) (In the declaration it says: "We are for the abolition of any military blocs..."--SCINTEIA, 26 April 1964.) and strongly reaffirmed on the occasion of the Ninth RCP Congress in July 1965. In June 1966, Romania's president spoke out clearly for the abolition of "the military blocs, both NATO and the Warsaw Pact." (Footnote 49) (Nicolae Ceausescu, op. cit., Vol 1, p 496)

III. National defense represents one of the vital interests of each state, a reason why all states seek, by various means, a way to secure their national defense.

As a European and Balkan country, Romania is directly interested in achieving stability and peace in this area, since Europe represents the region where two world wars broke out and where the two blocs are now confronting one another. The Balkan area has a major strategic importance for the great powers under the conditions of the maintenance of the hotbeds of tension in the Middle East and Cyprus and of the reappearance of new conflict situations in the Mediterranean, Africa, and Asia, resulting from the Balkan peninsula's geographic position at the meeting point between Europe and the Middle East, at the straits

that link the Black Sea and the Mediterranean Sea, the meeting of the opposed military blocs in this area. (Footnote 50) (V. Sandru, "Peace and Collaboration in the Balkans in the Context of European Security and Cooperation," in C. Vlad (coord), op. cit., p 174) The outbreak of another war would inevitably affect any state in this area, vitally influencing the Romanian state's security as well. Consequently, Romania is making efforts to create a zone of peace and collaboration in the Balkans and a stable international situation, which would secure its peace and, as a result, its national security, by promoting detente, the abolition of the military blocs, and economic and cultural collaboration.

At the same time, Romania has tried to reduce the possibilities of a violation of its national sovereignty, through domestic measures and concrete proposals regarding disarmament and military disengagement. For example, there being conferred on the Grand National Assembly the exclusive power to determine in the case of an invasion of the country's territory the aid that it will receive for national defense, legal steps were taken to avoid the violation of Romania's sovereignty and independence by foreign armies under the pretext of aid. (Footnote 51) (Nicolae Ceausescu, op. cit., Vol 4, 1970, p 57) On a political plane, there were organized the Socialist Democracy and Unity Front, the Councils of Working People of Hungarian and German Nationality, the "Cintarea Romaniei" [the Song of Romania], and the "Daciada," through which the people are mobilized for mass participation in political and cultural activities, a matter that helps to strengthen their unity. In addition, the significance of political and ideological education, through which the people know the directives and outlook of the RCP, is also emphasized.

On a foreign plane, an accent has been and is being put on the extent of the military activities in the border zones and other sensitive areas and on the abandonment of military activities that generate distrust and tension, which constitutes an element of the disengagement proposed by Romania, in order to avoid political pressure through the military under the pretext of military maneuvers. (Footnote 52) (Nicolae Ceausescu, op. cit., Vol 3, pp 930-931) Romania speaks out against the stationing of foreign armies on the territory of other states, the establishment of foreign military bases that affect the sovereignty and independence of the states on whose territory they are located, and has repeatedly made the proposal regarding the withdrawal of the troops of the two blocs and the abolition of military bases on foreign territories. (Footnote 53) (The withdrawal of the foreign armies from Romanian territory was done in 1953. A Romanian expert argues that one of the main functions of the presence of foreign military bases is precisely that of putting pressure on the state in which they are located, for the purpose of completely involving it in the policy of the country that has forces on the respective territory. R. Neagu (coord), "Securitatea europeana" [European Security], Politica Publishing House, Bucharest 1976, p 136)

If the "efficiency" of the existing system of international security is taken into account, a state's own national-defense system constitutes the only possibility of strengthening its security. Starting from the recognition of this reality, Romania has made and is continuing to make efforts to strengthen its national defense through the further equipping of the Army with domestically

produced armament, through general economic development, and through the devising of an original theory of its own regarding its military strategy.

On 3 May 1967, President Nicolae Ceausescu said: "...it is necessary for us to devote greater attention to improving and perfecting the domestically made armament and to producing new types of armament." (Footnote 54) (Nicolae Ceausescu, op. cit., Vol 2, 1968, p 328) In April 1968, the president made public the decision through which steps were to be taken to increase the domestic production of armament. (Footnote 55) (Nicolae Ceausescu, op. cit., Vol 3, 1969, pp 183-184) As a result, the percentage of the domestic production of armament rose from 27 percent in 1967 to 48 percent in 1970, with most of the armament and military equipment being achieved by the national economy by 1980. (Footnote 56) (Ilie Ceausescu, "Razboiul intregului popor pentru apararea patriei la romani" [The War of the Whole Populace for the Defense of the Homeland by the Romanians], Militara Publishing House, Bucharest, 1980, pp 404-405) Despite these directives for strengthening the capacity for national defense by supplying armament, economic development constitutes the Romanian state's main objective, it being felt that it has a decisive role in increasing the capacity to defend the country. (Footnote 57) (Nicolae Ceausescu, op. cit., Vol 17, 1979, p 240)

In the program for strengthening the capacity to defend the country, Romania has endeavored to devise a theory of the suitable military strategy--"the theory of the war of the whole populace"--a theory that springs from the theory of the "popular war," adapted to Romania's concrete specific conditions. (Footnote 58) (See: "Lexicon militar" [Military Lexicon], Militara Publishing House, Bucharest, 1980, pp 564-565) The first reference to this view is found in the speech of Romania's president in 1968: "We have decided, beginning today, to turn to the formation of the armed patriotic guards...." (Footnote 59) (Nicolae Ceausescu, op. cit., Vol 3, 1969, pp 416-417) This view was developed (Footnote 60) (Nicolae Ceausescu, op. cit., Vol 3, 1969, p 924; "Congresul al IX-lea al PCR" [The Ninth RCP Congress], Politica Publishing House, Bucharest, 1969, p 55) and was concretized in the law on the organization of the national defense of the Socialist Republic of Romania in 1972. (Footnote 61) ("Apararea Nationala a Romaniei socialiste: Documente 1965-1977" [The National Defense of Socialist Romania: 1965-1977 Documents], Militara Publishing House, Bucharest, 1978, p 513)

The question is posed: What are the practical advantages of this doctrine? Regarding this question, "National Defence: the Romanian View" says that "historical experience shows that the people's direct participation in a war to defend the homeland has led to the defeat of big, well-organized, and excellently equipped armies, to the failure of the plans of strong aggressors." (Footnote 62) ("National Defence: the Romanian View," Military Publishing House, Bucharest, 1976, p 11) At the same time, the president of the Socialist Republic of Romania says: "History offers us countless examples when strong armies, well equipped for their time, were defeated because they waged an unjust war, a war of invasion--which was not able to inspire in the soldiers the necessary enthusiasm for fighting; despite military and technical superiority, such armies were not able to defeat the people's will to fight, their determination to defend their independence and freedom." (Footnote 63)

(Nicolae Ceausescu, op. cit., Vol 4, 1970, p 598) From the above it is possible to draw the conclusion that the theory of the war of the whole populace is the strategy for the Romanian people's struggle to defend the homeland's independence and sovereignty in the event of an invasion by a great power.

As a socialist country in Eastern Europe, Romania has promoted relations of collaboration within the Warsaw Pact since its creation in 1955. In this field too, Romania has made efforts to democratize these relations and so that the pact would help to consolidate each member's sovereignty and independence. Pointing out the limitation of its Army's participation in a defensive war in the event of an imperialist attack in Europe, Romania speaks out against using the Warsaw Pact's armies to intervene in the internal affairs of the member states (Footnote 64) ("There can be no justification for allowing in any way the use of the armed forces to intervene in the internal affairs of any member state of the Warsaw Pact"--Nicolae Ceausescu, op. cit., Vol 3, 1969, p 366.) and against involving the armed forces of the pact's countries in military conflicts in the Middle East and Asia. (Footnote 65) (Referring to Article 4 of the Warsaw Pact, in the specialized Romanian literature it says that "it is thus a question, exclusively, of cases of foreign armed aggression against one or more states participating in the pact, namely: in the situation when such aggression would occur in Europe"--"Tratatul de la Varsovia 1955-1980: culegere de documente" [The Warsaw Pact, 1955-1980: a Collection of Documents], Politica Publishing House, Bucharest, 1981, p 132.) In addition, Romania stresses the imperative of respecting each member of the Warsaw Pact. Regarding the so-called theory of the limitation of sovereignty, President Nicolae Ceausescu argued: "The thesis that some have tried to accredit recently regarding the common defense of the socialist countries against any state participating in the pact does not correspond to the principles of the relations among the socialist countries and cannot be accepted in any form. Not only does membership in the Warsaw Pact not call in question the sovereignty of the member countries and not 'limit' their state independence in some way or another, but also, on the contrary, as is seen right in the pact, it is a means of strengthening each state's national independence and sovereignty." (Footnote 66) (Nicolae Ceausescu, op. cit., Vol 3, 1969, pp 745-746) Therefore, in Romania's opinion, military collaboration must be based on "each state's inalienable right to decide independently, without any outside interference, on matters of national defense." (Footnote 67) ("Tratatul de la Varsovia 1955-1980...", op. cit., p 132) Thus, Romania feels that each army is responsible only to the respective party and state leadership, considering that this represents an essential and inalienable attribute of national sovereignty. (Footnote 68) (Nicolae Ceausescu, op. cit., Vol 3, 1969, p 365) "Therefore, we have not ceded and will never cede to anyone the right to involve the Romanian Army in any military action, except the Romanian parliament, people, and party and state bodies." (Footnote 69) (Nicolae Ceausescu, op. cit., Vol 17, 1979, p 220)

IV. In the current stage, it has become harder and harder for a state to set its concrete foreign policy in the international arena without taking world public opinion into consideration, due to the fact that the world follows international current events day by day. Public opinion in itself does not represent, in fact, any form of sanction with an administrative or legal power

for the any state's acts, but it has a role of a moral sanction for a state that has violated international law. Therefore, if a state promotes its active foreign policy, it will increase its international prestige, and its actions will have an impact on world public opinion.

Thus, promoting an extremely active foreign policy, Romania has taken the initiative regarding detente and disarmament, the settlement of disputes between states in various regions, and the creation of a new international order together with the small and middle-sized countries, the developing countries, and the nonaligned country. (Footnote 70) (For example, Romania's participation in the Olympics in Los Angeles helped to increase its prestige.) In addition, Romania has performed extensive activity in the United Nations, which constitutes the forum for participation by all states, especially the small and middle-sized countries, under conditions of full equality in solving the big problems.

Romania took the initiative of putting on the agenda of the UN General Assembly a point with regard to increasing the role of the United Nations in international life, the aim being to strengthen the authority of the UN General Assembly (Footnote 71) (See: "Romania's Position on Improving and Democratizing the Activity of the United Nations and Strengthening Its Role in the Achievement of Collaboration Among All States, Regardless of Social Order, a Better and Righter World, and Lasting Peace," in "Contributii ale Romaniei la solutionarea marilor probleme ale lumii contemporane" [Contributions by Romania to Solving the Big Problems of the Contemporary World], Politica Publishing House, Bucharest, 1975), in which the small and middle-sized countries are represented, in relation to the Security Council, dominated and influenced by the great powers. In an official UN document, Romania proposed the expansion of the practice of holding special General Assembly sessions that would analyze major problems and the establishment of the General Assembly's right to request from the Security Council basic reports on all major problems and, after discussing these reports, to formulate concrete guidelines on the practical activity of the Security Council. In addition, Romania presented the proposal with regard to changing the number of members of this council in accordance with the increase in the number of UN members and with regard to each geographic region having one-two representatives through annual rotation. At the same time, it proposed that the rights given to the permanent members and the representative members not be invoked to block the adoption of decisions in the case of conflicts in which these countries are involved. At the same time, Romania is militating consistently to increase the number of small and middle-sized countries as members of the Security Council, the Secretariat, and the other UN bodies.

V. Romania stresses the exclusion of force and the expansion of the role of international law on a world level. In the case in which a small or middle-sized country, as is Romania, is promoting its national interests in the international arena, it has no other alternative than actions of a political nature. It can accomplish its national interest not through military force but through diplomatic negotiations from equal to equal with the strong countries. In consequence, Romania is making efforts to create international relations in which the influence of military power would be reduced. This view is

concretized in the active promotion of the principle of solving all vexed questions between states by peaceful means, through negotiations. (Footnote 72) (Regarding the means of peaceful regulation, Romania stresses the essential importance of diplomatic negotiations and the freedom to choose the procedures of peaceful settlement, starting from the view that the entire procedure of settlement must be carried out on the basis of sovereignty, independence, and noninterference in internal affairs. See: M. Malita (coord), "Mecanisme de reglementare pasnica a diferendelor dintre state" [Mechanisms for Peaceful Regulation of Disagreements Between States], Politica Publishing House, Bucharest, 1983, pp 309-314; R. Neagu, "ONU" [The United Nations], Politica Publishing House, Bucharest, 1983, p 170) Starting from the fact that, "under the current international conditions, the attempts to solve these problems by force cannot but lead to new conflicts and states of tension and endanger the peace and security of the peoples" (Footnote 73) (Nicolae Ceausescu, op. cit., Vol 12, 1976, pp 292-293) and that, "under the current circumstances, when the power of the weapons of destruction is so great, there is no other way to solve the problems between states than that of negotiations" (Footnote 74) (Nicolae Ceausescu, op. cit., Vol 17, 1979, p 388), the president of the Socialist Republic of Romania stated firmly that "nothing justifies the recourse to force, by an appeal to arms, for settling the disagreements between states." (Footnote 75) (Nicolae Ceausescu, op. cit., Vol 18, 1979, p 337. Romania feels, however, that this idea does not apply to the problems of the struggle for national liberation. It accepts the use of force in the struggle for national liberation, supporting "actively the national liberation movements, including on a military, material, and moral plane"-- Nicolae Ceausescu, op. cit., Vol 17, 1979, p 388.)

Along with this policy of reducing the role of military force, Romania emphasizes the role of international law in conducting its foreign relations, since it constitutes a legal instrument for carrying out foreign policy through the exclusive promotion of peaceful relations and relations of cooperation, based on fully equal rights, and offers to the states the legal framework favorable to the exercise of their sovereign rights.

First and foremost, it must be emphasized that Romania puts the accent on the basic principles of international law with a view to the promotion of foreign relations with all countries in the world. "At the basis of its foreign relations, of the relations with the other states, Romania firmly puts the principles of fully equal rights, respect for national independence and sovereignty, noninterference in internal affairs and mutual advantage, and abstention from the use of force and from the threat of force." (Footnote 76) (Nicolae Ceausescu, op. cit., Vol 12, 1976, p 301) Romania feels that through these principles it can consolidate its independence and sovereignty, since they would offer a "guarantee of the people's free and unhindered development, of their fruitful collaboration, under conditions of peace and security" (Footnote 77) (Nicolae Ceausescu, op. cit., Vol 6, 1972, p 44), and "the full guarantee of security to each state." (Footnote 78) (Nicolae Ecobescu, "Romania in sistemul ONU" [Romania in the UN System], Politica Publishing House, Bucharest, 1974, pp 95-96) This view results from the character of these principles--a feature of maximum universal generality and of *jus cogens*. In other words, these principles must be applied in all fields of relations among

states and in the relations among all states of the world without any exception. (Footnote 79) (We already referred above to the relationship between the basic principles of international law and the principles of collaboration among the socialist countries.) Any international treaty incompatible with these principles is invalid *de eo ipso*, a moral and legal sanction of everything that contravenes the foundations of the international community.

Thus, in order to consolidate the principles of international law in the face of force and violence, Romania has made efforts to generalize them by putting them as precisely and exactly as can be in bilateral treaties--treaties of friendship, collaboration, and mutual assistance, treaties of friendship and collaboration, joint solemn declarations, and joint declarations--and in multilateral treaties in various fields (Footnote 80) (I. Nestor, Al. Bolintineanu, and N. Androne, "The Conventional Practice of the Socialist Republic of Romania, an Important Contribution to the Affirmation of Contemporary International Law and the Promotion of International Cooperation," in I. Ceterchi (coord), "Dreptul romanesc contemporan" [Contemporary Romanian Law], Stiintifica si Enciclopedica Publishing House, Bucharest, 1977, pp 331-385), judging that these treaties and declarations go beyond the framework of bilateral relations and acquire the value of an example with a general character. (Footnote 81) ("Pentru a lume mai buna, mai dreapta" [For a Better, Righter World], Politica Publishing House, Bucharest, 1974, p 29)

In addition, within the framework of defending its sovereignty and independence, Romania is acting to develop the legal theory in various institutions. For instance, Romania stresses the fact that international law is formed through the free agreement among the sovereign wills of the states. Consequently, treaties, which constitute the main source of international law, are considered invalid in the case in which the agreement is not expressed freely or if the treaties are not concluded under conditions of full equality among the parties. (Footnote 82) (Gh. Moca, "Dreptul international" [International Law], Vol I, Politica Publishing House, Bucharest, 1983, p 51; Gr. Geamanu, *op. cit.*, Vol I, pp 63, 156)

Regarding the subjects of international law (Footnote 83) (In the specialized Romanian literature, the states, the nations that are struggling for national liberation, and the international organizations designated as such through the agreement of the member states belong to the subjects of international law. Physical persons are not considered subjects of international law.), the state constitutes the foremost, primary subject in relation to all other subjects, since only the state creates international law and determines the legal status of the other subjects through the agreement of will. At the same time, the state is the general subject in the sense that it exercises its rights and obligations in any field of international relations. Such a capacity of the state as a subject of international law is found in its sovereignty; therefore, it exists regardless of recognition or nonrecognition by the other states. (Footnote 84) (Regarding recognition of states, the declaratory theory is supported in Romania.) Consequently, international organizations can belong to the system of subjects of international law only if the member states confer on them the capacity of holders of international rights and obligations. Even in this case, however, importance is accorded to the

interstate character, and not the superstate character, of the international organizations. (Footnote 85) (For instance, Romania views CEMA not as a planning body but as a body for collaboration and for coordination of economic collaboration, stressing that "the planning of economic and social development is an exclusive attribute of each state, of each people, of its governing bodies, and cannot be ceded to any organism, whatever it may be"--Nicolae Ceausescu, op. cit., Vol 13, 1977, p 419.)

In the field of international cooperation on human rights, the theory is supported that human rights are a domestic-law institution of each state, and collaboration among states in this field consists of the assumption of obligations by the states regarding the recognition of human rights through domestic legislation and the providing of them through national measures, putting the accent on arguments concerning the interstate, and not superstate, character of the United Nations, the noninclusion of the physical person in the subjects of international law, the close correlation between human rights and the basic principles of international law, and the establishment of the exclusive competence of the states to conclude and apply international treaties. (Footnote 86) (I. Ceterchi, Al. Bolintineanu, and N. Androne, "Drepturile omului in lumea contemporana" [Human Rights in the Contemporary World], Politica Publishing House, Bucharest, 1980, pp 60-68) The president of the Socialist Republic of Romania points out: "Regarding the problem of human rights, in relations among states it is necessary to start from respect for independence and from noninterference in internal affairs. The problems of human rights cannot be solved by anyone other than by each country, by each people." (Footnote 87) (Nicolae Ceausescu, op. cit., Vol 16, 1979, pp 53-54)

Regarding space telecommunications, Romania stresses the necessity of the prior agreement of the state over whose territory a direct television or radio broadcast by means of satellites is to occur and the respective state's possibility of controlling the content of the programs broadcast. (Footnote 88) (N. Niciu, "Romanian Concerns in the Field of Space Law," in REVISTA ROMANA DE STUDII INTERNATIONALE, No 5, 1981, p 427)

In the field of sea law, Romania supports each people's right to employ its natural riches without hindrance, including marine resources located in areas under national jurisdiction and participation in areas beyond national jurisdiction, on a fair basis, in accordance with the aspirations and priorities of national development, taking into account the existence of the riverine developing countries on semiclosed seas poor in biological resources (Footnote 89) (See: "The Position of the Socialist Republic of Romania on the Right to Access to Piscicultural Resources in Economical Areas," in D. Mazilu, "Dreptul marii" [Sea Law], the Publishing House of the Academy of the Socialist Republic of Romania, 1980, pp 198-199), including Romania as well. (Footnote 90) (Romania is a member of the group of landlocked and geographically disadvantaged countries within the UN Conference on Sea Law: "the Group of 54.")

By means of the above, we note the efforts that Romania is making in order to consolidate and strengthen its sovereignty 1) through the wide development of relations with all states of the world, regardless of the political and social regime, on a political, economic, and military plane, and with all progressive

and realistic forces; 2) through the emphasis on the problem of detente and the abolition of blocs; 3) through the proposals regarding security in Europe and the Balkans, disarmament, and military disengagement, the domestic effort to strengthen the capacity for national defense and the people's unity on a political, ideological, and cultural plane, and the democratization of the relations within the Warsaw Pact; 4) through foreign activity that attracts the world's attention; and 5) through the policy of reducing the role of military force and strengthening the role of international law.

What has been decisive for shaping these basic directions of Romania's foreign policy is the process of crystallization of them occurring as a result of the continual efforts made in the period of the last 20 years. In consequence, through such an analysis, it may be possible to predict the future orientation of Romanian diplomacy and even the position or possible decisions in the face of events of particular importance that may appear on a world level.

Some small and middle-sized countries, such as Romania, Finland, Austria, and others, are promoting a foreign policy with a view to the consolidation of sovereignty and independence within the framework and context of the balance of power established between the great powers after World War II. In consequence, it may be, we believe, interesting to make a comparative study of the foreign policy of these countries, a study that could help to clarify the foreign policy of the small and middle-sized countries and the influence of the balance of power between the great powers on the basic orientations of this policy. It may thus be possible to point out the factors that give validity to these countries in maintaining and consolidating their national sovereignty and independence in the given international environment.

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POLITICS

CZECHOSLOVAKIA

NATO STATES ACCUSED OF PSYCHOLOGICAL WARFARE

Prague RUDE PRAVO in Czech 14 Nov 86 p 1

[Editorial: "Psychological Warfare-A Tool of Militarism"]

[Text] In terms of its scope and intensity, and of its technical possibilities and coordinated approach as well, the psychological warfare that the imperialist forces of NATO are now waging, and systematically stepping up, against the countries of the socialist commonwealth is unprecedented in post-war history.

The inimical campaigns follow one another in quick succession, spreading either malicious fabrications about "violations" of human rights in the socialist countries, and the alleged persecution of the church, believers, and "jazz-loving" embezzlers; or rumors about, say, nonexistent training camps for international terrorists, somewhere near Karlovy Vary. The common denominator of these campaigns is that they always attack socialism's political foundation. Their unifying element is anticommunism; and their core, anti-Sovietism.

Psychological warfare directs its hateful content against all socialist countries and every communist party in particular; against the principles of proletarian, socialist internationalism; against the forces of progress, peace and social justice; and against all revolutionary and national liberation movements.

Our country, too, has experiences of long standing in this respect. Since the revolutionary events of February 1948, it too has been a constant target of the Western psychological-warfare centers. It was not by accident that Comrade Gustav Husak, speaking at the 17th CPCZ Congress, noted in this context: "Czechoslovakia is one of the countries exposed to especially sharp attacks by the anticommunist forces. Any lie suits them, so long as it denigrates socialism, belittles the results of the work of our people, and falsifies the history of our nations."

As the principal tool of the psychological-warfare staffs, lies permeate the entire content and structure, and all elements of the anticommunist campaigns against socialism. Knilli, the West German sociologist, noted scornfully: "In comparison with the directors of (Western) television today, Goebbels was merely an innocent liar."

Nor is it a secret what A. Dulles, one-time director of the CIA, said in his no less typical comment on the situation: "Only a few hundred people can fit into a gas chamber at one time, but millions can be poisoned with lies."

In June 1982, President Reagan of America urged the Atlantic alliance to employ, indiscriminately and as widely as possible, all means of exerting psychological pressure ("to join a crusade for freedom"), in the vain hope that in this manner the socialist countries could be deformed sufficiently to make their policies acceptable to the forces of international imperialism.

What is especially typical of the present stage of psychological warfare against the socialist countries?

The militaristic elements of psychological warfare are becoming ever stronger and more pronounced. Analyzing the campaigns against peace and detente, we see clearly that the bosses of the NATO countries' military-industrial complexes are instigating these campaigns, from start to finish. The ideology of militarism is based on the imperialistic bourgeoisie's rapacious and predatory appetite, as Washington demonstrated by its invasion of peace-loving Grenada or its piratical attacks on Libyan cities.

Behind this foolhardy and aggressive policy there have always figured and stood not only the international monopolies' still insatiable profit-seeking interest in raw-material resources and markets, but also the bourgeoisie's fear of the changes taking place in the world, its attempts to solve its own intensifying contradictions at socialism's expense.

That is why Washington and its allies are stepping up their efforts to place socialism--primarily the Soviet Union and the Warsaw Pact countries--into a situation and external conditions that are extremely unfavorable, by unleashing a frantic nuclear arms race and transplanting it into space. That is why they are advocating and employing in their international relations the "philosophy" of power, an ideology that makes a cult of aggression and brute force. That is why they are professing America's "historical mission" to always be the first everywhere, and are dusting off and bringing out again the old tirades about some kind of historical predestination of the United States to save the so-called free world and defend it against "communist expansion."

Another prominent feature of psychological warfare at present is that the overseas hoaxers are lying not only to their enemies but to their friends as well, and even to themselves. Half-truths, even verbal insults aimed at socialist statesmen, and rude slanderous fabrications have become routine instruments of so-called high-level politics in the West. When a press spokesman of the American President was asked whether the administration had a right to lie, he replied: "I hesitate to claim that a situation is ruled out in which it would be very difficult not to lie."

We have to reach into the past for examples. Consider a quite recent event from living memory--the unbridled campaign of disinformation against Libya, intended to destabilize a sovereign state, overthrow its lawful government, and force upon the country a regime that Washington would have found more amenable. It was subsequently confirmed that this campaign had been carefully orchestrated and staged in advance. In the person of the president and

through the public statements of other top administration officials, the White House shamelessly joined this campaign, in conflict with objective reality.

Or consider another fact: how maliciously the content and meaning of the Reykjavik talks and Soviet disarmament initiatives are being twisted and distorted in Washington.

The new wave of anti-Sovietism in the NATO countries is intended to justify ideologically and psychologically the militaristic circles' bid to restore world dominance. The entire mechanism of the imperialists' psychological warfare is dedicated to convincing Western public opinion that the "Soviet military threat" has grown, that it is essential for NATO to close ranks, and that the "star wars" program, which Washington calls its strategic defense initiative, is feasible.

Intention is one thing, but its realization quite another. For more and more people in the world are able to distinguish who is right. The ideas that Comrade Mikhail Gorbachev has advanced about the feasibility of general disarmament by the year 2000 cannot be simply swept from the table.

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POLITICS

HUNGARY

HUNGARIAN 1956 EVENTS RECALLED IN PROMINENT POLISH WEEKLY

Warsaw POLITYKA in Polish No 44, 1 Nov 86 pp 1, 9-14

[Article by Jerzy Robert Nowak: "The Tragedy of 1956 -- Years After"]

[Text] Despite the passage of years, controversy still continues about particular events of that tragic fall of 1956, and especially about the reasons why the Hungarians could not have on their own prevented the culmination of tensions and resolved the conflicts peacefully.

But I believe that the time has come to look at the Hungarian events from another point of view, without emotion and "thinking from the heart," on the basis of an authentic analysis of their history, dramatic turnabouts in the situation, the opportunities that had existed, and ultimate consequences.

At the Sources

On analyzing the causes of the dramatic crisis of 1956 the Central Committee of the HSWP [Hungarian Socialist Workers Party] ranked first the major mistakes committed by the party's former leadership headed by Matyas Rakosi.

Hungarian publications state unequivocally that Hungary after 1948 was the country whose leadership had brought about the most drastic manifestations of disregard of legality in Central-Eastern Europe and adopted a socioeconomic policy that completely ignored the needs of its nation. As noted by HSWP Central Committee Secretary Janos Berecz in his book, "The Counter-Revolution by Pen and Sword," during 4 years alone (1952-1955) in Hungary, which at the time had a population of 9.5 million, 1,136,434 people were denounced and investigated and 516,708 sentenced in court. As early as in 1949 was held the first show trial in Hungary, based on fabricated confessions, which resulted in death sentences being passed on one of the most popular party leaders, Laszlo Rajk, and a group of other activists. An atmosphere of paralyzing fear had reigned. In 1951 there was the suicide of yet another minister of foreign affairs, Sandor Zold, when he was threatened with repressions. A moment before his suicide Zold, in a fit of utter despair, shot his entire family dead.

Zoltan Vas, one of the best-known communist activists and a prisoner of Horthy for 16 years before the war, who in Rakosi's time had been for several years a member of the Politburo of the Hungarian Workers Party (HWP), recalled the

then reigning atmosphere of intimidation in his memoirs, published in Budapest in 1980: "There was never complete information on the number of victims, but whatever it may have been, it was the system itself that was most fearsome. I myself felt such dread that often I feared being arrested precisely at Rakosi's home, to which I was very often invited. For Rakosi had already more than once instigated arrests of some of the more important victims at his own home. He clearly enjoyed the paralyzing shock gripping his guests when they realized that they turned from guests into prisoners. This was how Arpad Szakasits, the former leader of the Social-Democratic Party and chairman of the Presidial Council of the Hungarian People's Republic was taken away from Rakosi's apartment.

Unlike in Poland, Czechoslovakia, or the GDR, in Rakosi's Hungary all political parties had been eliminated as early as in 1949, including even those that had completely accepted the principles of the new political system (the Hungarian counterparts of the Polish United Peasant Party and Democratic Party). Rakosi itself had cynically observed shortly before: "It should be known that our strategy is complex. We are allies, but at the same time we must strive to liquidate our allies.... We are doing one thing and at the same time doing something opposite."

The arbitrarist economic policy and the desire to accelerate industrialization extremally (the slogan that Hungary would be transformed into a state of "steel and iron") in a small country almost completely lacking natural resources, produced fatal consequences. A drastic decline in living standards followed. The arbitrarist policy, aimed at achieving Hungary's self-sufficiency in various fields, led to the truly operetta-like concept of initiating the growing of lemons in Hungary (to which end many vineyards near Lake Balaton had been razed), which produced fatal consequences.

As a result of the extreme errors of agricultural policy in Hungary, a land of superior soils, near-starvation arose in many of its regions. Instead of rapidly exploring a way out of the erroneous economic policy, it was thought sufficient to accuse "class enemies" of attempting to complicate the supply situation by mass hoarding and "organizing artificial queues," and it was suggested that the enemy was exploiting the drought for his base aims.

The disastrous economic situation led to the first attempt at reform precisely in Hungary, after Stalin's death in March 1953, when the so-called policy of the "new course" was initiated. Rakosi resigned from the post of prime minister in favor of Imre Nagy, but he retained the post of first party secretary. The new prime minister was an old party activist, a member of the communist party since 1918, a soldier in the Red Army during the civil war in Russia, and the communist minister of agriculture in 1945 during the conduct of the land reform. In 1949 he was removed from the Politburo of the HWP Central Committee owing to his reluctance toward the concept of forced collectivization. As prime minister, he promoted private farming, a rise in living standards, and a more rapid development of light industry and crafts while at the same time halting the previous pace of development of heavy industry. He also caused thousands of internees to be released. All this had won for him broad popularity, but the measures to promote reforms were consistently sabotaged by the apparatus of power, directed by M. Rakosi.

Lost Years, Lost Opportunities

Being more of a reflective scholarly type than a practical politician, Nagy in no way equaled Rakosi in energy, dexterity, or a feeling for political tactics. Lacking the decisiveness and persuasiveness so needed in the contemporary political struggle Nagy never succeeded in gaining any considerable influence within the apparatus of power and was not an equal adversary in the struggle against Rakosi, that completely unscrupulous master of political maneuvers and Machiavellian intrigue. The differences in the personality of the two politicians were best reflected during their 2-week visit to Moscow in the fall of 1954. Rakosi, unusually nimble and energetic, had during his contacts with Soviet leaders immediately grasped the nature of the then current dispute between the concepts of Khrushchev and Malenkov and exploited this grasp to represent himself better as a spokesman of views which began to predominate among the leadership of the CPSU. As for Nagy, let us give the floor to the account by the wellknown economist Jozsef Bognar (as recorded in my interview with him in 1984), who in 1954 had been the minister of trade and a close associate of Nagy. When Bognar asked Rakosi, upon the latter's return from Moscow, what Soviet leaders he had met during his vacation in the USSR, the answer was, "None." Bognar exclaimed, "How come? What did you do in Moscow then?" "I toured the international agricultural exposition three times," answered Nagy. In March 1955 Nagy was deprived of all offices in the government and party, and half a year later deprived of his party membership.

Having overthrown Nagy, Rakosi resumed even more zealously the pursuit of the old discredited policy on political life and the economy. This produced even more fatal consequences (see the article "Lost Years," POLITYKA, No 38, 1981).

Janos Kadar declared, "Party members, like the entire nation, will understand that mistakes, even serious ones, can be made under any circumstances, but they shall never understand and forgive leaders who repeat mistakes that had been noticed and condemned. Such action leads to a decline in the authority of the party leadership, in the authority of the state leadership...." There arose in the country a growing opposition movement whose spokesman became Imre Nagy, who adopted increasingly more critical views on the system of power. Later, the resolution of the HSWP Central Committee recognized as one of the causes of the advent of the October events, in addition to the dogmatic errors of the former leadership, the activities of the party opposition rallied round Nagy as well as activities of internal and external enemies. The growth of the opposition was favored by the resistance with which Rakosi stubbornly clung to power, blocking all reforms. It was only in July 1956 that Rakosi was removed from the post of first secretary of the HWP Central Committee, but his successor became Erno Gero, the man who was, next to Rakosi, most responsible for brutal violations of legality and a fatal economic policy. This was not conducive to eliminating the causes of the growing unrest.

In Hungarian historical literature the question of whether and when it was still possible to avert the outbreak of social discontent in October 1956 is a source of many controversies. The facts indicate that during the October

events various political and social factors had carried a particularly great weight, with economic factors being much less significant.

In the early 1980's Janos Kadar expressed the opinion that even in July 1956 it was too late to avert the tragedy. "Analyzing the events from a later vantage point, I believe that this kind of personal change (replacement of Rakosi with Kadar -- J.R.N.) even then could not have prevented the catastrophe. The tension at the time was already too high and there was too little time...." Following the 20th CPSU Congress, in the early spring months of 1956, "Rakosi still had not abandoned the struggle then. His fatal sin was to value personal power more than the interests of the nation and the party...."

The Events Commence

The demonstration by thousands of people that began on 23 October 1956 at the foot of the Bem Monument had been intended by its organizers to express solidarity with the decisions of the Eighth Plenum of the PZPR. The most popular slogan voiced by the thousands of demonstrators was the cry, "Poland shows the way. Let's follow the Poles." The demonstration became increasingly tumultuous and slogans demanding the resignation of the current party-state leadership headed by E. Gero, radical political and economic reforms, and the entrusting of power to I. Nagy, met with growing approval within the crowd. In that tense situation, at 2000 hours in the evening, Gero delivered an address branding the entire demonstration as reactionary and chauvinist, which poured oil onto fire.

The first armed clashes began in the evening with fighting in front of the radio station building between groups of protesters and armed units of the AVH (security police). Gradually the fighting spread to other points in the city and the crowds overturned the huge statue of Stalin and threw down red stars from public buildings.

The session of the HWP Central Committee convened in the night between 23 and 24 October found that a counter-revolution broke out in Budapest and called for its immediate liquidation. Gero remained first secretary of the HWP Central Committee but Nagy became prime minister of the government. The Central Committee also took the decision to appeal for help to the Soviet troops stationed in Hungary under the Warsaw Treaty.

The hastily adopted decision to ask for the armed assistance of Soviet troops before utilizing fully the possibilities for resolving the matter by the Hungarians on their own proved to be extremely pregnant in consequences. The wellknown Marxist historian Vice Rector of the Higher Political School under the HSWP Central Committee Janos Molnar commented on it as follows in his book, "The 1956 Counter-Revolution in Hungary":

"...Many simple workers faithful to our system of society did not understand the need for this measure. They believed that a resolute and timely mobilization of communists-workers could have smashed the uprising without the help of Soviet troops, and that the party and state leadership neglected such

a mobilization in favor of the ultimate resort -- asking Soviet troops for help."

Iaszlo Gyurko, the author of an official biography of Janos Kadar, commented: "In my opinion, the Hungarian leadership did not make a mistake in asking the Soviet Union for help on 4 November. At the time there was nothing else it could have done if it wanted to save the socialist system of society. But the request for Soviet assistance on 23 October was a mistake, as at that time the Hungarian armed forces could perhaps have mastered the situation had they received unambiguous instructions."

The new prime minister Imre Nagy was himself among the people most surprised by the events of 23 October. It was only on the afternoon on that day that he had returned from a major wine contest at Badacsony near Lake Balaton in which he had assisted as a guest of honor. Nagy, who as a politician always was at his best during long peacetime periods affording the possibilities for drafting longrange plans, was on the night between 23 and 24 October appointed the chief of a government facing an unavoidable catastrophe. He was now supposed, at one of the country's most dramatic moments, to save the situation in cooperation with Gero, one of his most terrible enemies who had so often previously condemned him in public.

The State of Emergency

On 24 October was announced a prohibition against public assemblies and a curfew. A state of emergency was proclaimed, and outbreaks occurred in some other cities.

On 25 October 1956, despite the prohibition against assemblies, thousands of demonstrators marched to the Parliament Building. They demanded disbanding the AVH, releasing political prisoners, and, above all, removing Erno Gero. Soon after the arrival of the crowds in front of the Parliament Building there occurred bloody clashes which are nowadays regarded as the turning point of the October events. As described by the authors of the anthology, "The Counter-Revolutionary Forces in the October Events," published in 1957 by the Information Office of the Council of Ministers of the Hungarian People's Republic, "The mob reached the Soviet tanks stationed at the walls of the Parliament. Showing signs of wanting to fraternize, some climbed the tanks and inserted national flags in the barrels of their cannon. The Soviet troops responded to this fraternization, shook hands, tried to converse in one way or another, and smiled. But some of the demonstrators surrounded those Soviet soldiers who behaved most amiably or who stood sentry duty singly and "peacefully" removed their weapons, or they simply attacked the soldiers encircled by the crowd and deprived them of their weapons by force. An unidentified man cordially embraced a Soviet soldier in front while another man, embracing him from behind unhooked the magazine with bullets attached to his belt and pulled his weapon away from his shoulder. Then also a growing number of armed civilians had appeared. These events took place within a few minutes. While the chaos was at its peak, shooting from neighboring buildings suddenly began at the crowds mingling with Soviet troops and at the Parliament Building. Shooting with a machine gun and weapons of smaller calibers commenced from the neighboring building of the Ministry of Agriculture.

Immediately afterward, shooting also began from the building of the Ministry of Construction, from the roof of the Parliament restaurant, and from the top floor of the Parliament."

Already the first salvoes by unknown perpetrators caused about 100 deaths within the crowd of the demonstrators. The question of the identity of the perpetrators of the bloody massacre in front of the Parliament has from the beginning been one of the most disputed problems of the history of the October events. Western publications generally claim that this was a provocation by members of the AVH security service, while publications issued in Hungary reiterate the thesis that the shooting was done by counter-revolutionary groups intending to place the entire odium on the AVH.

Gyorgy Marosan, a member of the Politburo and Secretary of the HSWP Central Committee during 1956-1962, commented in the statement granted me on 22 May 1984 on the subject that, "To this day it remains an open question who did the shooting in front of the Parliament on 25 October."

On the same day, the commander of a unit of armored troops in Killian Barracks, Paal Maleter, declared himself on the side of the detachments fighting against the government, and the commander of the Budapest militia Sandor Kopacsi assumed direct cooperation with the armed anti-government detachments.

The Hungarian Workers Party began to pay a growing price for its tardiness in instituting indispensable political changes. It was only a couple of hours after the massacre in front of the Parliament that the HWP adopted the decision to remove Gero from the post of first party secretary and elect in his stead a leading activist of the Hungarian communist movement who had been subjected to repressions owing to false accusations during 1950-1954 -- Janos Kadar. J. Molnar commented, "The removal of Erno Gero from the post of first party secretary was too late. Even more serious consequences ensued from the fact that E. Gero and other sectarian leaders stayed on as members of the highest party leadership.

Many of the participants in the demonstration of 23 October who would have on that day responded joyfully to an announcement that at least some of their political and economic demands would be accepted had a week later rejected such concessions as being too halfway and become increasingly radicalized. Historians of the October events point out that the greatest damage was caused by the failure to replace Gero with Kadar also on 23 October and by waiting to do so until the third day after the fighting had begun.

Armed Clashes

The new party and government authorities, desirous of putting an end to the bloodshed, announced yet another truce, supported with promises of complete amnesty for the combatants as well as of far-reaching political changes. But this did not prove effective on the whole. On 25 and 26 October the unrest spread to practically the entire territory of the country, with manifestations and armed clashes breaking out everywhere, with the rise of various kinds of revolutionary committees, etc.

In Budapest itself, outside downtown Pest where the fighting had broken out already in the evening of 23 October, armed clashes took place in the city's industrial zone on Csepel Island. On the night of 24 October armed groups seized the Military Regional Headquarters and subsequently a borough police headquarters. On 25 October the participants in a rally at the new industrial town of Sztalinvaros marched toward army barracks, demanding weapons and shouting "Arms for the people." Following repeated warnings, the commander ordered that shots be fired at the advancing mob. Two killed and wounded persons fell, and the remainder were forced to flee. But in the succeeding days the attacks at the barracks and the police were renewed. There were more killed and wounded. On 26 October the mob seized the prison in Esztergom and released prisoners, whereupon it seized the procurature and disarmed the police. This was followed by armed clashes during which some 15 members of the anti-government groups were killed and many had suffered injuries. In Debreczyn on 23 October the security forces of the AVH dispersed the mob, with two deaths. Two days later the newly arisen so-called Socialist Revolutionary Committee seized power in the city and the AVH were disarmed. In Miskolc, the second largest Hungarian city, on 26 October a mob attacked a police headquarters manned with 90 AVH troops. Many of the attackers were killed. Subsequently there was another assault on the police headquarters, this time successful to the attackers. Part of the officers of the security forces tried to escape via the building's roof. But they were captured and several of them even lynched.

On 26 October also occurred clashes in Kaposvar, Papa, Kecskemet, Pecs, Cegléd, Szekesfehérvár, and Kalocsa. In Kecskemet the attacking mob was dispersed only it was fired on by aircraft. In Kaposvar and Szeged bayonet attacks against the advancing mobs had to be ordered in order to disperse them. Particularly dramatic was the course of the events in Mészáros, which had commenced on 26 October 1956. Janos Molnar stated in his "The 1956 Counter-Revolution in Hungary": "On 26 October large armed mobs assaulted the border-troops barracks in Mészáros. The guards responded by firing a salvo which caused about 80 deaths." Those attacking the AVH received reinforcements from Győr, dispatched by the director of the local theatre Gábor Foldes. An armed group invaded the barracks. A couple of AVH members accused of firing the salvo were lynched.

The promises of amnesty, the attempts to negotiate, and the changes in cabinet membership did not halt the fighting. On the contrary, the various anti-government actions continued to spread to the provinces. This was facilitated by the passivity of a large part of the army and the militia. Certain military units joined the forces fighting against the government.

The divisions in views of the party and state leadership on ways of resolving the tragic crisis became increasingly explicit. A glaring example: on 27 October the HWP Central Committee appealed to all party members, and primarily to workers, to "mercilessly crush those who raise their hands against people's power," but a day later the official party organ SZAPAD NEP published an editorial acknowledging the anti-government movement to be a "national" and "democratic" uprising.

The article in SZABAD NEP reflected the growing influence of Imre Nagy and his supporters within the party leadership. They claimed that only the prime minister could rapidly find a peaceful solution to the crisis, a reconciliation of the combatant sides. Nagy's position was supported by, among others, such party activists as Ferenc Donath, a former wartime Central Committee Member; Zoltan Szanto, first secretary of the Provisional Central Committee of the party during 1936-1938; Geza Losonczy, a communist activist of the prewar period and since 1955 editor-in-chief of the daily MAGYAR NEMZET; Zoltan Vas, for several years a member of the Politburo of the HWP Central Committee, and others. I. Nagy's group within the party and state leadership could also count on the support of a large part of the intelligentsia, of many leading intellectuals such as Gyorgy Lukacs, Tibor Dery, Gyula Illyes, and Zoltan Kodaly.

The Party is Disbanded

The situation became increasingly complex. First Secretary of the HSWP Central Committee Janos Kadar declared half a year later (11 May 1957), "I can say for myself that, in the chaos of events, it was no easy matter to understand just what had happened. Even more difficult was deciding which step to take next and what to do at the time. That was why such uncertainty reigned among the better and more honest part of the leadership...."

The assessment of the events was changed in an attempt to calm the excited passions of the society. As noted by the authors of "A History of the Hungarian People's Democracy, 1944-1962," "On 28 October the Central Committee approved recognizing the counter-revolution as a revolution and at the same time agreed to meet other demands of the insurgents. As a consequence, Imre Nagy announced in a radio address that the 'revolution' accomplished its purposes: an agreement for withdrawing Soviet troops from Budapest was concluded, negotiations for the complete withdrawal of Soviet troops from Hungary will begin, the Office for Protection of the State (AVH) will be eliminated, the armed forces have been instructed to observe a truce, the detachments of the insurgents will be incorporated into armed formations of the state, low wages and pensions will be increased or wages and norms will be adjusted.... The Central Committee hoped that peace will be achieved at the price of so many concessions. But something diametrically opposite occurred...."

The hopes for a rapid peaceful stabilization of the situation in Budapest and the provinces were premature. Following the withdrawal of Soviet troops from Budapest and the disbanding of the AVH, when the Nagy government could count only on part of the army and militia, it became more exposed to growing pressure from various "revolutionary committees" and "councils" and its ability to master the further unfolding of events steadily weakened. In those difficult days the party had to pay a high price for the mistakes of the personnel policy of Rakosi's times, for the expulsion and even imprisonment of many most devoted worker activists, for encouraging careerist elements which at the decisive moment let the party down and did not defend it.

On 30 October, following prolonged 2-day discussions, the Presidium of the HWP resolved to disband the Hungarian Workers Party and create a new communist party, the Hungarian Socialist Workers Party, the HSWP. Its provisional

leadership included, in addition to Kadar, Imre Nagy and five members of his group. J. Kadar declared (in 1982), "It was impossible to do anything else. The party had collapsed, forfeited trust, and had to be reorganized."

The new party created from the ground up (about 35,000 members at the end of November 1956, 350,000 members in May 1957) turned out in practice to be a much more militant and effective political force than the excessively swollen party of Rakosi's times with its 900,000 members prior to October 1956.

Nagy's Role

In the dramatic situation that thus had arisen, the responsibility resting on Nagy's shoulders was the greater. All that time the prime minister had attempted to follow a policy of reconciliation, being desirous to halt the fratricidal struggle at any cost. Some Hungarian publications accuse Nagy of continually impeding actions against the anti-government forces. He is being accused of having obstructed the announcement of the curfew, postponed the date of introduction of summary trials, and prevented the smashing of the resistance of the units fighting near Corvin Alley. The prime minister was always ready to make maximum compromises and concessions to opponents of the government as well as to various political and social groupings. He was blind to the indispensable limits of these compromises and not fully aware of the international situation.

What were Nagy's motives? Undoubtedly, the prime minister was continually torn between anxiety due to the complex situation on the international forum and the internal perils. He made more and more concessions being desirous of preserving the government of national unity at any price and fearing the consequences of his resignation to the development of the situation in Hungary, feeling apprehensive of the threat of total chaos and a bloody civil war. What is more, he was prone to perceive evil and peril only from the side of the dogmatic politicians with whom he had so long been sparring. He failed to perceive the extent of the threat to stabilization latent in some of the new political forces appearing on the scene as a result of the unfolding events. Always believing in illusions, he thought that he could achieve an agreement with all and bring about the desired calm and tranquility.

He failed to understand that, precisely in order to avoid a greater fratricidal bloodshed in the future, the government had even now to act resolutely against all those who refused to acknowledge its authority and were disturbing the peace. In other words, Nagy could not distinguish between the extensive reforms so greatly needed and the newly arisen peril to the chances for a peaceful development of the situation in Hungary. Essentially, in those difficult days he lacked a suitable entourage of associates gifted with genuine political instincts who could make it easier for him to exert a tangible influence on the events. In this respect, Zbigniew Brzezinski appears to be correct in judging that Nagy's group had always lacked a strong organization suited to the tempestuous events. "This happened because Nagy's friends were intellectual anarchists, and were unable to organize themselves, since there was not a single good organizer in that entire group. It consisted only of publicists, orators, and national artists full of Weltschmerz. They enjoyed greatly Nagy's company. Nagy loved to philosophize, and these people

loved to be garrulous...."

Nagy's softness and indecision made it easier for the events to propel him in their direction.

In the great industrial city of Gyor in the country's northwest a counter-government against Nagy's government was threatened unless the prime minister immediately announced the date of free elections and of evacuation of Soviet troops. A correspondent of DAILY MAIL, Noel Barber, wrote: "Many regions in the provinces had now free radio stations under their control and issued anti-government bulletins, intensifying the tension."

Nagy vainly tried to appeal for greater moderation. "Let us not demand too much or we will lose everything that we have achieved so far." A SPIEGEL publicist wrote (later) that "The insurgents gave Nagy no chance." One of the leaders of the writers' opposition in 1955-1956, Tibor Meray, noted, "It sometimes happens in history that entire nations fall victim to an optical illusion. This precisely happened in Hungary. The demands of the masses turned into the rigid and categorical provisions of an ultimatum owing to a mistaken appraisal of the alignment of forces."

A leading Western student of Central European issues, Ferenc Fejto, a Hungarian by origin, wrote: "Nagy continually received hundreds of delegates from various parts of the country, delegations of Worker Councils, revolutionary committees, student parliaments. They treated Nagy like an omnipotent Santa Claus who could with one eyewink repair thousands of mistakes of the past... turn Hungary into a land of plenty, cut prices, raise wages, distribute land, satisfy everyone, and assure democracy and total freedom. That insurgent youth, that newly emancipated working class, those intellectuals inspired by the phraseology of 1848, by great examples from the past, they all lacked -- and this is the least that can be said -- a sense of reality, realism, a sense of proportions."

I am quoting so many testimonies of Western observers on the attitudes of a large proportion of the Hungarian population in order to make it clear to certain critics of the allegedly eternal Polish irrationalism that lack of moderation is not exclusively a Polish national trait, and also that the Hungarian events of 1956 simply demonstrate how difficult it is to seek for the golden mean, for a compromise, or simply for a sane centrist position in a mired-up situation following years of rising subsurface tensions.

Mob Lynchings, Warnings, the Cardinal's Attitude

A particularly disturbing element of the Hungarian situation at the end of October 1956 was the numerous instances of mob lynching of members of the AVH security forces. Scenes abounding in cruelty and bestiality took place. On 30 October 1956 a mob murdered some of the activists and AVH members defending the building of the Budapest party committee, as well as a couple of army officers even after they had surrendered their weapons. The writer Tibor Meray, living since November 1956 in Parisian exile, stated: "The mob, losing all self-control, hurled itself at the corpses, hanging them up on trees and lampposts. Members of the national guard pulled away with difficulty the still

living wounded and transported them to the Sandor Peterffy Hospital. Some 15 officers, including seven from the AVH, fell as victims of mob lynching."

Symptoms of the operation of extremist forces caused growing anxiety. Even in Gyor, where the rightist tendencies were particularly strong, resolute resistance by the workers of a railroad car factory prevented the formation of an anti-Nagy counter-government. Responses by numerous organizations and political parties increasingly contained warnings of the menace of the counter-revolution and a return to reactionary rule in the style of the Horthy dictatorship. The Revolutionary Committee of the Hungarian Intelligentsia in its appeal of 28 October 1956 to the nation declared explicitly, "Plants and mines should indeed belong to the workers. We shall not return factories to capitalists and land to big landowners." The slogan "We Shall Not Return the Factories" later repeatedly cropped up in the Press.

Resolute warnings against the peril of the rightist forces were made by the leaders of the reorganized parties of the former coalition of 1945-1947, including the leader of the Small Farmers Party Bela Kovacs. Unfortunately, despite all appeals for moderation, extremist actions such as the declarations of the "Vatazhka" [Chieftain] Dudas or Jozsef Cardinal Mindszenty, who lacked even a modicum of political common sense, continued. Poles mindful of the various unwise "drives" of our propaganda during its campaign against Cardinal Wyszynski are often prone a priori to mistrust all criticism of the famous dignitary of the Hungarian Church. Proponents of simplified solutions do not realize that Mindszenty was hardly equal to Wyszynski so far as political acumen and, in general, a feeling for realism are concerned, and that until the end of his life he had retained extremely conservative political and social views. I refer the doubters to the memoirs of Endre Marton, a correspondent of Associated Press and a Hungarian by origin. In his radio address of 3 November 1956 Mindszenty clearly distanced himself from the legal government of Nagy as "heirs of the toppled regime." Ferenc Fejto observed: "Many Hungarians were disappointed by the one of that speech, which they thought to be haughty, disdainful, anachronistic. It was seen as a proof of the cardinal's intransigent attitude."

The Turnabout of 4 November

In the tense international situation (the Suez crisis) on 1 November 1956 Prime Minister Nagy declared Hungary's withdrawal from the Warsaw Treaty and its neutrality. This declaration sealed the dramatic unfolding of events till then. Soviet leaders decided that it was necessary to save the socialist system of society in Hungary.

The Soviet decision was preceded by a series of consultations on the Hungarian events conducted between the end of October and 3 November 1956 with representatives of the leadership of the Chinese, Polish, Romanian, Czechoslovak, Bulgarian, and Yugoslav parties. During the consultations diverse views and concepts were voiced, but the leaders of the other parties were in agreement with the Soviet leaders on the possibility of undertaking armed struggle to defend the socialist system of society in Hungary. As early as on the night between 2 and 3 November N. Khrushchev informed them that Kadar and Munnich had succeeded in getting out of Budapest and were traveling

to meet with Soviet leaders. On 4 November 1956 a group of communist activists headed by Kadar announced that it had formed the Hungarian Revolutionary Worker-Peasant Government (RWPG) in the locality of Szolnok, and that the RWPG was requesting Soviet assistance.

J. Berecz commented on the situation in early November 1956: "There still existed two possibilities for the further course of events, two different ways of socialist consolidation in the struggle against the assault of the counter-revolution. One possibility was of a dogmatic, rigid, sectarian nature.... In Hungary the other possibility of socialist consolidation was translated into reality."

The then Yugoslav Ambassador to Moscow V. Micunovic cited in his wellknown memoirs, "Moscow Years, 1956-1958" facts indicating that the CPSU leader N. Khrushchev was even then very negatively disposed toward both leading dogmatic Hungarian politicians, Rakosi and Gero, and that he had commented on them in abusive language during his talks with Yugoslav leaders on the night of 2 November. At one moment Khrushchev recalled that Rakosi declared his readiness to "help in Budapest," whereupon Khrushchev answered him that "He could go there in order to be hanged by the people."

Hungarian historians stress that, when taking the final decision in favor of armed action on 4 November 1956, allowance was made for both the Hungarian affairs and the international situation. As J. Molnar observed, "Within the CPSU leadership also there was a great dispute on how to evaluate the situation in these days. In the adoption of the Soviet decision of 4 November 1956 a major role was also played by the Suez Crisis, in addition to such factors as the growth of the counter-revolutionary forces, the peril menacing the people, and the destruction of the working class and the ranks of the communist party, when considering the request of the Revolutionary Worker-Peasant Government."

On 4 November 1956 Soviet armored troops rolled into Budapest and, following several days of fighting, smashed the resistance of Nagy's supporters and pro-Western forces. Within several weeks the remnants of resistance at several places in Hungary were smashed. The extremely difficult process of consolidating the power of the RWPG had commenced, complicated as it was by the prolonged strikes and the attempt to form a counter-government, the so-called Central Budapest Worker Council (for more detail, see J. R. Nowak, "Wychodzenie Wegrow z kryzysu 1956" [Hungary's Emergence from the 1956 Crisis], Ksiazka i Wiedza Press, 1984). A state of emergency was proclaimed and severe sentences were handed out in trials of opponents of the RWPG. Only gradually, after years of progressing stabilization, the conditions for overcoming the divisions within the society were created in Hungary.

Consequences and Lessons

It was not possible to halt in time the tumultous unfolding of Hungarian events. But how can their consequences be appraised from the vantage point of time? Unfortunately, the most important direct consequence was the sudden halting of that great process of transformations in certain socialist countries, which had so gained in impetus following the 20th CPS Congress in

March 1956. The prolonged armed clashes and bloody lynchings in Budapest became a standard argument in favor of halting the dangerous "thaw," employed by conservative and dogmatic forces in other countries.

The most conservative leaders such as Enver Hodzha could now triumph: such is the end-result of the struggle against dogmatism and the attempt at fundamental reforms. Everywhere the slogan of struggle against revisionism as the main danger turned up on the agenda of the day. Following the imprisonment of Nagy (who had previously sought asylum in the Yugoslav embassy), there occurred yet another intense cooling of relations between the countries of the socialist community and Yugoslavia. In China the Hungarian lesson served to suppress the so-called "Let the Hundred Flowers Bloom" drive. The course of the Hungarian events produced negative consequences to the unfolding of the political situation in Poland. It is indeed hard to say how far would Gomulka have proceeded on the road toward implementing the reforms which he had so boldly outlined in his speech of 18 October 1956 had not it been for the Hungarian shock. But there is no doubt whatsoever that the direct consequences of the Hungarian events proved to be extremely negative both to Hungary and to the other socialist countries. In the long run, they represented a menacing memento of the consequences of a continual obstruction of needed changes. And precisely this "lesson of 1956" was most fully utilized in the policy of the leadership of the HSWP, which gradually inaugurated the reforms of the 1960's, and especially the fundamental economic reform being implemented for already 19 years.

Consolidation of Power After 1956

In our article, "How Hungary Emerged from Its Crisis" (POLITYKA, No 10, 1982), we wrote in more detail about the activities of the party and government leadership of the Hungarian People's Republic following 1956. That leadership recognized that in the long run a genuine solution of the crisis will be accomplished not by administrative means but by the government's tenacious and consistent pursuit of a dialogue with the nation, by multifaceted and diverse political methods and reforms. A thorough settlement of accounts with the mistakes of the Rakosi period was undertaken. The return of the compromised leader to Hungary was never agreed to.

At the same time, many controversies were elicited by the question of why, despite the sharp official condemnation of the distortions of the Rakosi period (the resolution of August 1962 of the HSWP Central Committee even referred to Rakosi's crimes), the authorities did not decide to place him on trial. This question was thoroughly elucidated by Secretary of the HSWP Central Committee Janos Berecz in the weekly MAGYARORSZAG (No 35, 1986): "Rakosi and his associates undoubtedly deserved more than their actual fate. In the end, Rakosi went unpunished except that he had been expelled from the party and banished from the country. The reason for this, incredible as it may sound, is a kind of moral approach. The point is that during Horthy's rule there had already been two trials of Rakosi. He had twice been sentenced for communist activities. It thus could not be possible to decide to institute a third trial of Rakosi."

As we know, in the decades after 1956 the leadership of the HSWP had gradually

succeeded in healing the wounds of the tragic events. It succeeded in engaging in a dialogue with the nation following the principle, publicly proclaimed by J. Kadar, of "He who is not against us is with us...." There is something that awakens hope in these Hungarian actions on the road toward building a national consensus.

1386

CSO:2600/192

POLITICS

HUNGARY

PUBLIC OPINION SURVEYS ON VARIOUS ISSUES

Bloc Problems Growing

Budapest JEL-KEP in Hungarian No 3, 1986 pp 155-157

[Article by Imre Dobossy and Guy Lazar: "In Similar Situations? Public Opinion Survey Concerning the Problems of Socialist and Western Countries"]

In the autumn of 1985, on the whole, people judged the situation of the socialist countries less favorable and the situation of the Western countries less unfavorable than a year before. (The survey was conducted on a sample of 1,000 persons representing the adult population of Hungary.)

During the time between the two surveys, there was a decrease in the proportion of both those respondents who thought that there are socialist countries that face serious problems and those who have the same view of capitalist countries.

Corresponding to the increase in the respondents' educational level up to those who graduated from colleges or universities, there was an increase in the proportion of those who thought that there were socialist countries facing serious problems, but the proportion of those who had the same opinion about Western countries only increased up to the level of those who graduated from high school.

During the past year there was a continuing decrease in the number of those who saw Poland as facing serious problems and a continuing increase in those who had the same view of Romania. The frequency with which these two countries were mentioned appears to approach each other: In the autumn of 1985 "only" 61 percent of the respondents considered the situation in Poland bad, while 52 percent thought of the situation in Romania in a similar manner.

People continued to mention the other socialist countries much less frequently: 13 percent referred to Yugoslavia, 7 percent to the Soviet Union or Hungary and 6 percent to Czechoslovakia.

As in the past, when it came to the problems of socialist countries, an incomparably larger percentage made mention of economic than social or political problems (77 as opposed to 21 percent of the answers).

When it comes to economic difficulties, the list is again lead by the distribution of goods and the general situation of the nation's economy, the economic crisis (with 47 and 45 percentage points). Third place was occupied by the low standard of living, underdevelopment and poverty (33 percent), while the fourth by the energy-crisis (21 percent), and the fifth by indebtedness (17 percent). This is the first time the energy crisis was mentioned by a significant portion of respondents.

The political crisis situation continues to lead among the social and political problems (22 percent); aside from this the strikes and the nationality problems were mentioned with significant frequency (8 and 6 percent). The political situation and the strikes were mentioned primarily in connection with Poland, while the nationality problems in connection with Romania and Yugoslavia (the Kosovo region).

When it came to Western countries faced by serious problems, this time people mentioned West Germany, the United Kingdom and France less frequently (16, 13 and 12 percent). Italy and the United States were mentioned with unchanged frequency (13 percent each), and Spain, Portugal and Greece were mentioned more often (8, 5 and 5 percent). In other words, opinions on which capitalist countries have severe difficulties have become even more divergent.

Speaking of these problems, the proportion of those referring to economic difficulties was again much greater than those who brought up social or political worries, but the preponderance of the first category was not as great (61 and 28 percent of the people surveyed).

Among the economic problems, those of unemployment and the uncertainty of existence were mentioned (35 percent), and somewhat less frequently references were made to the general economic situation (12 percent). When it came to the social and political problems, significantly fewer mentioned the strikes (4 percent).

Between the autumns of 1983 and 1984 there was a certain degree of decrease in the number of those who thought that the life of socialist countries during recent years was basically characterized by achievements, and there was an increase among those who considered the amalgamation of results and problems as characteristic. By the autumn of 1984, however, even the proportion of the latter category had decreased, and more people thought that worries were more characteristic of the life of socialist countries. Thus, 47 percent of the people surveyed this time considered the problems characteristic, 24 percent the combination of problems and achievements, and 17 percent the achievements. (13 percent did not have a definite opinion on this topic.)

When it came to judging the situation of the Western countries, an opposite development took place. There was a significant decrease in the proportion of those who considered problems as characteristic of the life of these countries, in the number of those who saw a combination of worries and achievements as characteristic, and more people emphasized the achievements. As a result, popular judgments of the two camps came to resemble each other quite closely, because when it came to life in the capitalist countries, 45

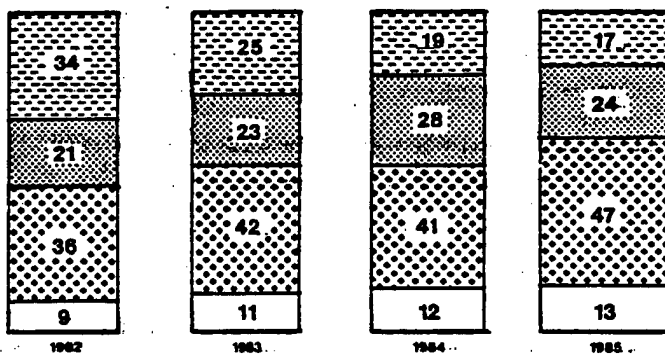
percent of those surveyed identified it with problems, 17 percent with a combination of problems and achievements, and 17 percent with achievements. (20 percent had no definite stand on this issue.)

As the educational level of the respondents increased, there was a sharp increase in the proportion of those among them who referred to problems as characteristic of the socialist countries; and there was a degree of decrease in the proportion of those who said the same thing about the Western countries among those who had more than an eighth-grade education.

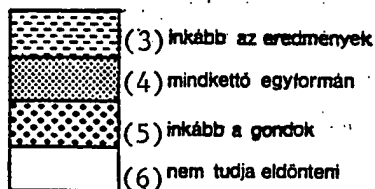
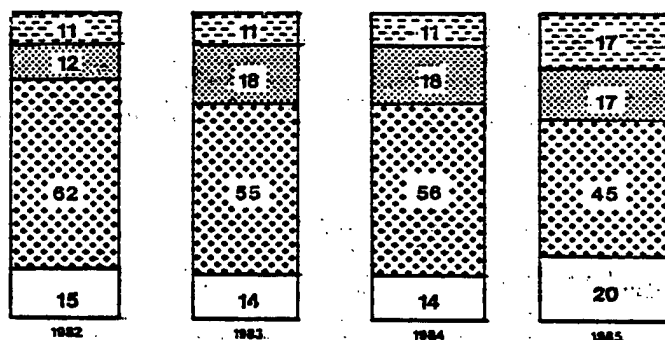
The above readings are somewhat contradicted by the factor that recent years saw a decrease (from 76 to 64 percent) in the proportion of those who thought that the socialist countries would be able to solve their problems, as well as those who thought that the Western countries can do the same (from 62 to 54 percent).

Was it achievements or worries that characterized the life of socialist/Western countries during the past few years?

(1) SZOCIALISTA ORSZÁGOK



(2) NYUGATI ORSZÁGOK



Key

- (1) Socialist countries (2) Western countries (3) Predominantly achievements
 (4) A combination of the two (5) Predominantly worries (6) Could not decide

CPSU Congress Airs Problems

Budapest JEL-KEP in Hungarian No 3, 1986 pp 158-159

[Article by Imre Dobossy and Katalin Farkas: "Focus on Domestic Politics; Opinions Concerning the 27th Congress of the CPSU"]

The majority of people thought that in the course of the Soviet party congress there was more of an emphasis on problems than on achievements. (The survey was prepared on the evening of 7 March 1986. The questions were posed to 240 telephone-subscribers in Budapest and 150 in the five large towns of the countryside. 17 percent of those surveyed had less than an eighth-grade education, 35 percent graduated from elementary school, 33 percent had a high-school diploma, and 15 percent had higher education. With regard to educational level, the sample is relatively representative of the population in the large cities of the country.)

Three quarters of the respondents expressed an opinion that the last Soviet party congress differed from previous ones, and 19 percent had no opinion on the topic.

Those who viewed the congress as different from the previous ones, primarily noted the critical, open, honest atmosphere (81 percent). Much fewer mentioned the ambitious goals set at the congress (6 percent) or the seriousness of the problems to be solved (4 percent).

Two thirds of those surveyed saw that during this congress worries rather than achievements had been emphasized, while 24 percent thought that the two received equal attention.

The overwhelming majority of the respondents, 81 percent, thought that the events of the congress would also influence the future of Hungary, and three-quarters of these hoped for positive influences.

In the course of the public opinion survey conducted in connection with the previous congress, the respondents primarily mentioned issues of foreign policy (the arms race, the warming of relations between the Soviet Union and the United States) and referred to issues of domestic policy much less frequently. By 1986, these proportions had been reversed, and the respondents tended to focus primarily on domestic topics. Among these, most of them emphasized the planned economic changes and the necessity for acceleration and reform.

More than three-quarters of the people had heard of the changes in the Soviet leadership personnel; most of them--37 percent--referred to the mistakes attributed to the previous leaders (inability to develop, unsuitability, taking advantage of their power, corruption) as the reasons for these changes. In addition, quite a few of the respondents said that new, modern-thinking, energetic and dynamic persons should be placed in the country's leadership (24 percent).

Forty-five percent of the respondents thought that the change of leadership would affect the policies of the nation, and about half of them counted on significant changes. At the same time, a quarter of those surveyed could not form an opinion on this point.

In the popular view, expressed by 34 percent of the respondents, the most important domestic problems to be solved by the Soviet leaders are the development and modernization of industry and agriculture. Somewhat fewer people (25 percent) mentioned the elimination of negative social phenomena (alcoholism, lax work discipline, etc.) and the improvement of the living standards (18 percent). Many people (37 percent) could not give an answer to this question.

Among the issues of foreign policy, most respondents mentioned the arms race and the preservation of peace (59 percent), immediately followed by the relationship with the United States (33 percent). In this instance, the proportion of those unable to give an answer was somewhat smaller (26 percent).

More Private Enterprise Favored

Budapest JEL-KEP in Hungarian No 3, 1986 pp 159-161

[Article by Maria Szurkos: "It Is Increasingly Needed; Public Opinion Survey Concerning Private Commerce"]

During the past year there was an increase in the number of people who patronized private commercial establishments, and there was also a change in the popular image of private tradesmen. (The survey was conducted in the autumn of 1985, based on a sample of 1,000 representing the adult population of the country.)

While in 1984 only 66 percent of the population said that they habitually shop in privately owned establishments, one year later four-fifths of them said the same thing. The increase was particularly great among those who in 1984 claimed that they seldom shopped in private stores: those with less than an eighth-grade education, those over the age of forty, those residing in the countryside and those with a lower income. In other words, aside from the pensioners and those with the lowest incomes, shopping in privately owned stores has become a general practice.

There was no change as to whether more or less privately owned stores are needed; in both years, approximately one quarter of the respondents said that more are needed, half of them said that their number should remain constant, and about one-fifth called for a reduction in their number.

A desire to see more private commerce was expressed by 20 percent of those with less than an eighth-grade education, 29 percent of those with elementary and high school education, and 38 percent of those with higher schooling.

As for the future, half of the people counted on seeing more private tradesmen ten years from now. One-tenth of them thought that the number would be about the same, and another one-tenth thought that there would be fewer private tradesmen. One-third of the respondents would not form an estimate on this issue. Those under the age of forty were most likely to project a growth in the number of private tradesmen, while those over the age of sixty were least likely to do so.

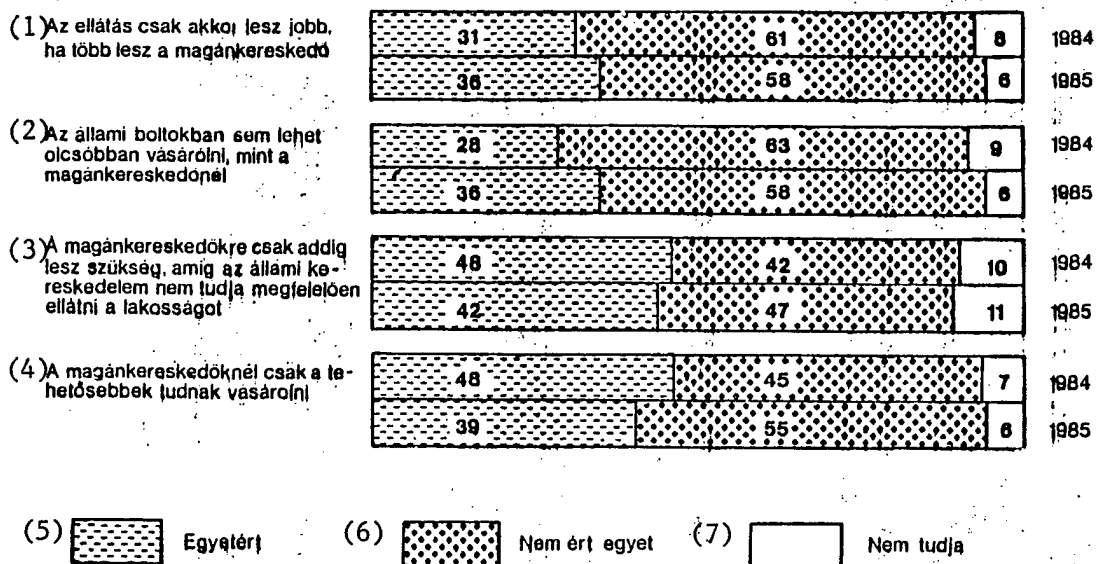
In 1985 more people gained direct experience with private commerce than in 1984, and the popular image of the private tradesman has changed, mostly in a positive sense. This situation is also indicative of the growing dissatisfaction with state-operated commercial outlets.

In 1985 fewer people shared the view that we need private tradesmen only until the state-operated outlets will be able to satisfy the demands of the population (42 instead of 48 percent), or the view that only the wealthier can afford to shop in privately owned stores (39 instead of 48 percent). More people expressed the conviction that one cannot save money by shopping in state-operated stores (36 instead of 28 percent), and that we will have better availability of goods only if there will be an increase in the number of private stores (36 instead of 31 percent).

84 percent of people thought that we need private tradesmen, with the only condition that "they should be more closely regulated." 73 percent experienced more polite and attentive treatment in private stores, 69 percent voiced the opinion that private tradesmen make good money but also work very hard for this, 59 percent thought that private tradesmen are more knowledgeable than people working in state-operated stores, and 58 percent claimed that private operators buy up goods from state stores and sell them at a higher price.

Somewhat more people rejected the view that private commerce is irreconcilable with socialism (61 instead of 58 percent), and there was no change in the proportion (40 percent), of those who thought that the best private tradesmen should be allowed to operate smaller department stores.

Popular Views Concerning Private Commerce (in percentages)



Key

- (1) The availability of goods will improve only if there will be more private tradesmen.
 (2) One cannot save money by shopping in state-operated stores instead of private outlets.
 (3) We need private commerce only until state-operated commerce will be able to satisfy the demands of the population.
 (4) Only the wealthier can shop in privately owned stores.
 (5) Agrees (6) Disagrees (7) Does not know

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POLITICS

POLAND

MOKRZYSZCZAK SPEECH TO OLSZTYN PZPR MEETING

PM021551 Olsztyn GAZETA OLSZTYNSKA in Polish 13 Oct 86 pp 1, 3

[Address delivered by Wlodzimierz Mokrzyaszczak, PSPR Politburo member and Central Control and Auditing Commission chairman, at 11 October PZPR voivodship report and election conference in Olsztyn]

[Excerpts] Our main objective is first and foremost to put the congress resolutions into practice by working out the ways and methods of their realization in the diverse circumstances of our voivodships, towns, parishes, in every primary party organization's sphere of influence.

This campaign should result in the preparation of detailed, concrete working plans covering the whole 5-year period until the 11th Congress, to be adopted at conferences held by higher party echelons and meetings of primary party organizations.

In January 1984 the report and election conference adopted the working program prepared by the voivodship party organization. It was the result of an objective investigation and analysis of your needs and a rational analysis of your capabilities.

It was a realistic program reflecting faithfully the needs of the region and its individual social and professional milieus. At the same time, one of its more important features was an open attitude to any new tasks that might arise from an up-to-the-minute appraisal of the existing situation or from Central Committee resolutions.

Today's report and election conference is preparing an assessment of your achievements and your results in your party work. There are two main currents which dominate the debates. One constitutes a list of your successes, of all that has changed for the better in the various areas of the socioeconomic life of the voivodship. The other current in the debate is an analysis of the sources and the nature of the shortcomings and deficiencies that still occur, and a search for the reasons behind the poor effectiveness of party work at certain organizational levels and in certain organizational structures, a discussion on the nature of the factors which determine active involvement and commitment on the part of individual party members and candidate members.

Each of these two currents in the debate is very important and valuable, because the way of thinking they represent fosters critical, objective appraisal of one's own work and encourages the formulation of correct conclusions leading to further action.

The tone that characterized the debate today should be duplicated at lower party levels. We need healthy, constructive criticism and bold, innovative formulations of our tasks and problems.

In view of the information contained in the reports submitted by the Voivodship Committee, Voivodship Party Control Committee, and Voivodship Auditing Commission, and also in the Voivodship Committee Executive's report paper read by Comrade Laskowski as well as today's fruitful debate, I can state with full conviction that the Olsztyn party organization has turned this past term of office to good use. In their work party authorities and organizations followed the guidelines of the Ninth Congress. They gained success after success in their leading role within their communities. You were accurate in your appraisal of the current situation and of the problems which needed to be solved first, and you concentrated your attention on dealing with issues of the highest social importance. Today you can claim progress in the process of strengthening your voivodship party organization.

Allow me, Comrade Delegates, on behalf of party leadership, to convey to the aktiv, to members of the outgoing leadership of your voivodship party organization, and to all party members and candidate members, our thanks for their work. Your effort has brought many tangible, positive results.

Comrades!

The party's strength is best demonstrated in the high effectiveness of its work, in its credibility and its authority in particular milieus and throughout society as a whole. Whether these signs are present or not depends mainly on party members, on their dedication and their active involvement in their professional and community work, and on the attitude they show both in and outside their workplace.

The party's day-to-day work is assessed via the performance of those party organizations that are closest to the observer, that is, in his own enterprise or institution. The dynamism shown by primary party organizations, the style of their work and the openness with which it is conducted, and the degree to which they are integrated into their particular community, all these combine to determine the party's success in putting its policy into practice.

The past few years have seen an increase in the working standard of our party organizations. They have raised their organizational discipline. The overall effectiveness of their work has also increased. Party echelons, primary party organizations, and party groups have been more and more successful in their efforts. An increase in the active involvement of individual members and candidate members has been noted in many primary party organizations.

We must regard the effectiveness of party work with equal seriousness whether it deals with large-scale matters involving the whole country or the whole voivodship, or with small, concrete problems concerning an individual workplace, community, or domicile.

This kind of attitude is one of the best ways to ensure our credibility and to gain prestige and win respect from the population. We must show much more criticism and much more self-criticism. We need to take a healthy, objective look at what we are doing and also at what others are doing.

Safeguarding better living conditions for the working people depends ultimately on the development of material production. Today, for a variety of reasons, the scale of this production is still too small for us to be able to speak of meeting all the needs of the population. We have more than a decade of difficult years behind us. The years ahead will not be the easiest either. The economy is still encountering many difficulties and many obstacles. These stem from both internal and external causes, which are perfectly familiar to you, comrades.

Our main aim is to restore broadly conceived economic equilibrium and thereby raise the population's living standard, because without that equilibrium it will be hard to talk about any improvement of our situation.

Beside many unquestionably positive phenomena and tendencies that have appeared in our economy, especially over the past few years, there are also some negative elements. These include poor results in putting the capital investment front in order, an unacceptably slow--as compared with the plan--increase in exports, persistent market shortages, particularly of consumer durables, inferior quality of many products and services, and, finally, insufficient advance in economical consumption of materials and rationalization of employment and in tying remuneration to production results. Party organizations should recognize these problems on their own home ground, at the voivodship or parish level and in particular within enterprises, and then embark on an appropriately decisive, effective course of action.

One such course could be to activate incentive schemes in enterprises and to conduct a correct, comprehensive review of organizational structures and a reevaluation of jobs.

The review of organizational structures is a novel move. Therefore, to be properly conducted, it requires particular attention and active involvement on the part of party echelons and organizations.

It has been designed to assist the economic reform through rationalization of jobs and employment and optimization of procedures and technological processes. The outcome of the review should be elimination of those sections and individual jobs which are shown to be superfluous and redundant and a distribution of tasks and duties which fosters high labor effectiveness, improvement in the functioning of enterprises, and creation of effective internal mechanisms to enhance labor quality and productivity in enterprises.

The tasks of party organizations are to create among work forces a climate conducive to proper execution of the review and reevaluation schemes. They must also promote innovatory thinking and a bold, effective style of action, and they must themselves set an example here.

The economic situation always strongly influences our social awareness. That is why we put such strong emphasis on economic issues. We regard an improvement in the economic situation as our chance to make a breakthrough in people's negative attitudes of passivity, despondency, or even hostility.

The economy constitutes a battlefield of great political significance. We must do everything we can to win that battle. If we fail to achieve success in the economic field, we will find it impossible to achieve it in any of the other fields that have been discussed here today: education, health service, or culture.

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POLITICS

POLAND

MIODOWICZ FAVORS ILO MEMBERSHIP

Warsaw POLITYKA in Polish No 42, 18 Oct 86 p 2

[From the column "Opinions": Passage from the address by Alfred Miodowicz, chairman of the OPZZ [All-Polish Consensus of Trade Unions, delivered at the Plenary Session of the Ninth World Congress of Trade Unions, Berlin, 18 Oct 86]

[Text] "...As unionists we lack the possibility of participating in the constant dialogue on the forum of the ILO with representatives of the trade-union movement. At this high forum let me inform you that the OPZZ Council has, at its session on 11 September, formulated a request to the authorities of the PRL [People's Republic of Poland] that they reconsider the question of Poland's membership in this organization. For we are convinced that this organization can and should be a forum for cooperation not only among governments but also among trade-union organizations.

"The indigenous model of trade unions is and must remain the sovereign business of the trade unionists of every individual country. If the strivings of the working people in Poland are to be discussed, it is necessary to be with them and to work with them optimally. And hence I invite the vice chairman of the World Confederation of Labor to visit Poland. I invite him to talk with workers, both those belonging to the class trade unions and those standing outside our trade-union movement."

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CSO:2600/194

POLITICS

POLAND

LIGHT INDUSTRY TU CONGRESS NOTES GOALS, SHORTAGES

Warsaw TRYBUNA LUDU in Polish 10 Oct 86 pp 1,4

[Article by Teresa Grabczynska: "So That It May Be Lighter in the Light Industry" surtitled "Trade Union's Strategy: Firm Defense and Conscientious Management"]

[Text] Lodz. What is going to happen next to wages, working conditions, social welfare, and health care at workplaces? What is going to happen next to the economic situation of our enterprises? These general questions are being asked by unionists on confronting the needs of workers with the situation.

The Second National Congress of Federations of NSZZ of Light Industry Employees commenced its deliberations on 9 Oct in the Lodz Stadium. A total of 710 delegates met in order not only to assess three years of activities of the federations but also and above all to consider the issues on which they should focus their further efforts. This is no mere enumeration. From the very outset the unionists posed to themselves the following basic goals: preventing a decline in real wages; organizing production rationally; and improving the conditions of work and social welfare.

And although sign of improvement can be seen in all these three domains, much still remains to be done. Let it be proved by the fact that nearly 100,000 light-industry employees are working under arduous and noxious conditions and the annual number of work accidents per 1,000 employees is 15.

Pawel Szymanski, the chairman of the federation, which now represents 516 factory organizations associating more than 283,000 members, declared, "Our workforces have a saying, 'Light industry but heavy work and light pay.' We would like to hear a different saying, 'A just wage for honest labor.'"

A membership of 283,000 is quite impressive, but the ambitions of the trade unions of light industry are even greater because, aside from many factories such as the ZWOLITEX Cotton Industry Works in Zdunska Wola or the Lodz DYWILAN, in which more than 70 percent of employees declared their readiness to join the trade-union movement, there also are factories in which unionists still are in a definite minority. Various reasons for this situations were advanced, one of them being that certain factory directors prefer to govern without the participation of trade-union organizations. The common consensus, however, was

that the most important factor is the forcefulness and activism of trade-union elements.

But the conditions under which they operate have to be borne in mind, and the same applies to the working conditions of their members. The current 70-percent wear of machinery speaks for itself. That is why the workforces place such hopes in the program for restructuring the light industry in the next few years. The fact that this program was drafted is also to the credit of trade-union activists, who desire to combine the function of protector with that of the coproprietor.

Precisely this viewpoint is, as demonstrated by the Lodz deliberations, presented by a growing number of unionists. They are focusing their attention on actions to halt inflation and stabilize the currency and hence also the value of labor.

Trade-union philosophy can be thus defined briefly: The wage policy must, in accordance with the reform, favor and even compel more efficient work. Let us once and for all stop tolerating shoddy production. Let us stress efficiency and innovativeness.

This philosophy also prompts the following reflection: Let us not be overwhelmed by the difficulties, by the shortages of raw and other materials. If we submit to them, we face eternal shortages and rationing. This is not the way. Every trade-union organization without exception should contribute to liquidating waste, poor utilization of work time, and fatal or incompetent organization of work. The specific nature of the light industry, whose workforce consists 67 percent of women, and which operates on both day and night shifts, poses a large number of requirements with respect to protecting the health of personnel. As indicated by a trade-union inspection, factory health services perform their duties properly only at one-half of the plants inspected. How can preventive health care be mentioned considering that periodic health examinations are given at barely 60 percent of the plants?

Trade-union initiatives did much good in propagating culture, sports, and rest and recreation, but here also something remains to be done. The Workers' Vacation Fund [FWP] has to abandon its dream of commercializing vacations for working people. These and other suggestions made by factory workers have been reflected in the draft program of action of the Federation for its new term of office. The report of the previous officers of the Federation was not unanimously accepted. This means that both at basic organizations and at supraplant structures not everything is going smoothly as yet, that the quotidian activities of the trade unions could stand improvement. The common consensus was that the only way of achieving this is greater activism of the unionists and the unity and integration of trade-union forces.

The agenda for the first day of the deliberations also provided for the election of the chairman of the Federation's National Council. One nomination was made -- that of the incumbent chairman Pawel Szymanski.

At the time this article was being printed the Congress was still in session. It is also being attended by the following invited guests: Alfred Miodowicz,

chairman of the OPZZ [All-Polish Consensus of Trade Unions] and Member of the Politburo of the PZPR Central Committee, and Zofia Stepień, flax spinner at STRADOM Flax Industry Plants in Częstochowa and member of the Politburo of the PZPR Central Committee.

1386

CSO:2600/194

POLITICS

POLAND

TU LEADER NEGATES IMPORTANCE OF SOLIDARITY REVIVAL

Warsaw TRYBUNA LUDU in Polish 22 Oct 86 p 3

[Interview with Wlodzimierz Lubanski, chairman, Federation of Factory Organizations of Metalworking and Electrical Industry Union Workers, by Teresa Grabczynska: "Their Road is Not That of Workers"]

[Text] Nearly 7 million plant employees, mostly bluecollar workers, have declared themselves on the side of the reborn trade-union movement. They want to entrust their problems to real rather than false allies, and they want to view their class trade unions as firm defenders and honest representatives of their interests. But others are trying to appropriate for themselves this appellation by placing the Solidarity legend on the scales and creating all kinds of illegal temporary or coordinating commissions.

[Answer] To me this is unequivocal. Yes, individuals with still unsatisfied ambitions, ambitions that certainly have nothing to do with unionism, are trying to keep their names alive. Because if they were really guided by the desire to help factory workers, to alleviate their difficult daily lives, after all the door is not shut to anyone who wants to join the trade unions.

Consider the First Assembly [of the regime-sponsored new trade unions] in Szombierki: then as now we did not and do not ask applicants to trade unions who they are and whence they come. We ask only whether they want together with us to do good for our workforces and our factories.... Tens of thousands of members of the former Solidarity now belong to our unions, and this also applies to members of the former branch trade unions. One common goal unites us all: the struggle for better living and working conditions for employees and their families, the struggle for changes to the better that are tangible in the workplace and in this country.

And now suddenly several gentlemen have gathered in Gdansk and again they are attempting to climb to power on workers' shoulders, meaning a kind of power other than trade-union power. This is an attempt to return to those years of anarchy which so many of us still remember. After all, this attempt is being made by the very same people who had shown such contempt for other trade unions and who are directly responsible for our having to start trade unions

from the scratch.

[Question] But the road which you have chosen is arduous and requires tenacity in overcoming obstacles, opposition. It is alleviated neither by the economic difficulties nor by wait-and-see attitudes and desires that can only be condemned.

[Answer] Of a certainty it is easier to stand aloof and judge what is good and what is bad. We have never said that we have no room for the former trade-union activists. But certainly we have no room for politicians and false advisers.

No one can accuse us of failing to pose the postulates of workers with sufficient sharpness and at the highest levels of state power at that. But we practice no camouflage. In our most difficult conversations we are open and sincere.

Because, I believe, this is how Poles should talk with each other, and this is not, as in 1981, mere words. We unionists are not appropriating for ourselves the appellation of the ruler, but we desire to share power in our country. The government is to govern and the trade unions are to warn against negative occurrences, to think together and then to cooperate in such a way as to safeguard changes to the better in the workplace and the country. We shall not repeat the mistakes of the pre-1980 CRZZ [the former regime-sponsored Central Council of Trade Unions]. The voice of the member masses, of all laboring people, is to us the compass by which we guide our actions.

[Question] So you don't promise that you will build, and rapidly at that, e.g., a second Japan?

[Answer] We know the slogans of both the second Poland and the second Japan. We in our trade-union organizations are not operating with any slogans or luring people with empty promises. Our feet are firmly on the ground, and we have experienced on our own skin the difficulties of present-day life. In his time Lech Walesa spoke about building Japan in Poland. Only he failed to add who would live well in it. Working people with a 6-day vacation, deprived of any benefits, let alone health care or social security, would not.

[Question] Referring to a forked tongue would certainly be not enough....

[Answer] After all, we have not forgotten those years and we are aware of how much we have lost in this country and on the international arena, and what moral and economic harm has remained. We should properly bear in mind all this.

Nothing can justify those "trade-union activists" who, itching to grant interviews to foreign reporters, made comments directed against their own fatherland. They lauded the economic sanctions imposed by the Western countries, saying that this is merely "a symbol of solidarity with them." Because they themselves have not experienced and are not experiencing the shortages being felt by the factory workers. Owing to shortages of raw and other materials, disrupted coproduction ties, and loss of sales markets,

factory operations have become irregular and this hurt financially not those who supported the sanctions but those who work -- the workers.

Who then is again attempting at present to gain publicity? Leaders who personally would stay in trenches while dispatching workers to the forward frontline, and not only in the economic struggle at that. These leaders lack an army nowadays. This is not what the workforces are waiting for; they are waiting not for once popular names but for the settlement of urgent day-by-day problems decisive to working and living conditions. And there is our unionist field of battle, our principal duty.

[Question] You're fulfilling it. Proof of this exists in the factories. But things are not yet so good as to omit mentioning deficiencies and the need for a more active and effective performance of the trade unions. This is still being awaited by part of the workforces.

[Answer] We sugarcoat nothing and paint nothing pink. We speak openly of both what is good and our deficiencies. We work so that a growing number of people would say that trade unions are worthwhile and useful.... Nearly 7 million employees already are with us, but he is badly mistaken who believes that those who have not yet filled out a declaration of trade-union membership are blind to our activities and do not support our attempts and efforts....

Our opponents call us "Reds" or sometimes "government" trade unions. But we do not fear to visit our workforces, talk with them openly, and listen to sharp or critical comments. Because we're not concerned about armchair-warming positions or foreign subsidies. We do not go to the PEWEX [hard-currency stores]. We are among workers, among laboring people, because from them we derive our wisdom and knowledge. Therefore, we need not hide behind anyone's back when the need arises to resolutely address the forum of the government and tenaciously promote worker issues.

Our new trade-union activists cannot be accused of lacking courage. We have courage, because no one has transported us in attache cases to the factories, and no one has appointed us. Our origin is in the factories, and it is there that we are best known. We may be inexperienced in our choice of words and lack eloquence, but our language is honest worker language.

[Question] The point is not the ability to praise oneself but having reason for it.

[Answer] Now exactly what are those people so ill-disposed toward the new trade unions bragging about? That is hard to say. Strikes perhaps? It is true that in the early 1980's strikes had gained popularity: the sound of a siren was enough for the factory to come to a halt. Except that the workforces gained nothing from it -- the country was being ruined and the then "trade union" activists probably believed that manna from the sky would fall on us....

But in reality, they bequeathed to us dozens of unresolved matters, of shelved worker postulates. And now we in our trade-union organizations are battling various shortcomings as best as we can and know. But we sense the support of

the workforces for our activities.

In our trade-union program of action we incorporated all that was good in the trade unions before and after August [1980, the rise of Solidarity], including what was authentic in Solidarity to workers. I myself had belonged to it. But I could in no way accept the declarations made by its heads. Matters went so far that activists of branch trade unions and factory directors had been carted out in wheelbarrows.

In our trade unions we have no truck with arrogance, bossiness, or selfwill. Our "wheelbarrows" are legal actions that have already resulted in the recall of many factory directors and disturbed the peace in many an office and ministry. Because genuine partnership means an honest exchange of opinions and telling the naked truth even if it is a bitter truth.

What I'm talking about is not merely how Lubanski feels; this is how feel thousands of people with whom I have talked in plants and factories. I visit them each week, and metalworkers are sharp-tongued and not prone to praise....

It is precisely because we never beat around the bush on any issue that we are winning more and more trust. The example of our federation will suffice: We established it in December 1984 with a membership of 100,000, whereas now we have 300,000 members. Because we are credible to the laboring people, who can see that we spare no willingness or energy in our trade-union work.

1386

CSO:2600/194

POLITICS

POLAND

COMMENTARY QUOTES, BLASTS RFE UNION REPORT

Warsaw Warsaw TRYBUNA LUDU in Polish 27 Oct 86 p 5

[Article by Jerzy Lohman: "The 'Trade Union' -- But Whose?"]

[Text] RFE has announced that an "independent" little periodical which probably assumed the title of KLUB MYSLI ROBOTNICZEJ [Club of Worker Thought] out of pure cussedness, supposedly published an interview with "trade-union activists" -- of course with those associated with "independent" and illegal little periodicals. The debating gentlemen reached truly revelatory conclusions.

Nowadays, they said, "To speak of workers in the traditional meaning of the term as a social class is an anachronism. They asseverate that "Many of our colleagues hardly consider themselves as belonging to some worker community.... For example, a present-day toolmaker has nothing in common with a manual trench digger. He is an educated person who services modern equipment, is conversant with the most up-to-date technology and foreign languages, and must have contact with the world." In the opinion of the gentlemen presented by RFE, in [Polish] plants, "The wages of the workers with the lowest qualifications are being rapidly raised, which distracts them from our activities." They soon add anyway that, "These people... are the least educated individuals whom such issues as, e.g., political prisoners, concern little."

Striking here is the attitude toward the worker. There is no mention that, in measure with progress, and especially in the socialist countries, where an entire system of open culture for everyone has been created, the working class is naturally changing and developing. To the gentlemen from the underground presented by RFE the worker must be ignorant, a "shovel-wielder," an ignoramus unaware of the world in which he lives. As soon as he becomes "educated" and familiar with modern technology and languages, as soon as he becomes interested in the world, he is no longer a worker.

The unfamiliarity of these semi-intellectuals with the scientific definitions of social classes, their classical benightedness, combine in their view of the worker into special contempt for the "prole." This kind of ignorance and contempt renders good service to the sponsors and manipulators of the "underground," and they derive from the plush prewar salons of the "former

people" of the past.

Proceeding from the aforementioned premises the "activists of the club," individuals to whom the concept of the worker is as alien as the concept of thought, arrive at the conclusion that "priorities must be changed," that "the mistake consists in addressing our programs to the masses rather than to specialists." The panelists further argue that "in such industries as the chemical, mining, metallurgical, power, and shipyard industries these masses - as they put it -- do exist, and should be provided with trade unions." But "specialists, persons with authority, and there are some 50 of them [at every plant] -- they add -- are not being utilized.

Now everything becomes crystal-clear. If a factory is to "collapse," these 50 individuals have to be reached. To this end, attempts have to be made to undermine in them the feeling of belonging to the "worker community." They should be brought up in the image of renegades such as the representatives of the "worker aristocracy" often are under capitalism.

The panelists cited are perfectly aware that those "50 of the best" are hardly prone to listen to them. First, "a program for them has to be conceived," or simply they should be recruited by telling them how skilled workers and professionals all over the world are receiving good wages whereas "the converse" is supposedly true in our country. The entire course of the interview shows, though, that it all "does not work," and that the "trade-union activists" are rather experiencing difficulty in reaching those best people.

Since there is so much contempt for the worker, since "priorities must be changed," on whom do these "activists" want to base themselves, properly speaking?

Perhaps an at least partial answer will be provided by the text of an article by Jacek Kuron that was supposedly published in some other little underground periodical and broadcast by RFE on the same day as the text of that interview. Kuron does not abandon any of his old aims. His divagations are concerned solely with tactics.

According to Kuron, the recent formation of a new illegal structure under the plaque of the old bankrupt firm [Solidarity] is "only the beginning."

"We must create faits accomplis," Kuron adds, and he recommends that they be primarily created within plant self-governments and other self-governments.

Through a strange combination of circumstances the aforementioned pillars of "worker thought" also recommend setting up under self-governments special structures (of course, under the care of the underground) for those "best 50." Kuron further claims that "the art lies in proclaiming a program that is independent (meaning the old, destructive, underground program) but positive (meaning it is so worded that the authorities can accept it)."

There remains the question of whether "can accept it" means "can be tricked"?

In that flood of devious arguments only one fact is clear: nothing has changed so far as fundamental issues are concerned, and the leading theoretician of the underground understands nothing of what has happened and continues to happen in Poland. And since nothing has changed, the support on which these gentlemen are counting also has not changed. This is the answer to the question posed above.

The only sincere aspect of the comments cited in the prefatory paragraphs is their contemptuous and resolute rejection of workers as a base of support. Thus the only question that remains is the one in the title of this article, "A 'trade union' -- but whose?"

1386

CSO:2600/194

POLITICS

POLAND

PARTY ACTIVITIES NOTED REGIONALLY, NATIONALLY

Party Organization Discusses Housing Issues

Rzeszow NOWINY in Polish 17 Sep 86 pp 1,2

[Interview with SIARKOPOL Plant Party Secretary Aleksander Kwiecien by (z. fl.): "Party Discussion Is Not Empty Talk"]

[Text] (Own information) Recommendations made during discussions at the meetings of basic and branch party organizations at the Tarnobrzeg SIARKOPOL are inspiring many activities of the plant party organization and, as stated by First Secretary of the PZPR Plant Committee Jan Mackowiak, the comments and opinions voiced by the party and nonparty members of the workforce are even incorporated in the current plan of activities of the committee. We discussed the reactions to these mostly critical comments with the Plant Party Committee Secretary Aleksander Kwiecien.

"Nowadays the comrades speak candidly of their problems and troubles with their work at the plant, but solving at least some of these problems is an exceptionally difficult matter. Consider an example taken at random: at meetings of party organizations at the MACHOW Sulfur Ore Mine and the cooperating Sulfur Works attention was repeatedly drawn to the growing manpower shortages. The so-called staffing norms have long since become a purely theoretical category. There is no extraction or production shift during which the workforce is not at least some 15 persons short. At present this is already known to everyone, but no solution to this problem is in sight, because the work at both the mine and the processing plant is exceptionally arduous. The working conditions are difficult considering that in the open-strip mine people wade in the mud while at the processing plant the temperatures and vapors are excessive. To boot, the wages paid are not too attractive compared with the other plants of the KizPS [Mines and Plants of the Sulfur Industry].

"However, we also have reasons to feel gratified. It was relatively easy to implement a recommendation of comrades from the branch party organization at the ore extraction department of the MACHOW Mine who had demanded radical improvements in the conditions of the repair of heavy-duty equipment, among others, caterpillar tractors. Previously they used to be repaired under the bare sky. Now owing to the renovation and reconstruction of the premises of

the old sulfur processing plant, a spacious hall with lounging facilities has been provided. In that hall, repairs of that equipment are being carried out in conditions that are simply comfortable compared with the past.

"Or another example: members of the basic party organization and nonparty members at the JEZIORKO Mine had repeatedly voiced at open meetings the urgent need to build housing for farmers from the adjacent villages who should be expropriated as soon as possible. Situations in which the extraction pits are located on farm courtyards were not and, unfortunately, still are not a rarity. There is hardly any need to explain their danger. Besides, the stoppage of expropriations made the further expansion of the mines questionable, considering that their extraction fields are continually shifting in the direction of Grebow. We made the enterprise management and the authorities aware of the need to solve this problem. The progress made in this respect may not be imposing but it is tangible. Thus while last year only some 15 dwellings "borrowed" from the Tarnobrzeg Housing Cooperative had been made available to the expropriatees, this year they were settled in an entire building of 40 apartments on Fornalska Street in Tarnobrzeg, and next year they will receive an additional 20 apartments (on the same street). Next year we shall allocate as many as 80 dwellings for the expropriated farmers from Jeziorek Wydrza-Klonowe and Kajmow.

"Of course, other party recommendations concern the expansion of housing construction for the workforce. To implement them we are expanding the implementation potential of the Mining-Construction Plant, whose personnel are performing, among other things, the most labor-intensive finishing operations in the apartment buildings being erected by the Tarnobrzeg Construction Combine. The steady progress in this field is demonstrated by the fact that last year these operations were performed in 56 dwellings, while this year 45 dwellings were independently constructed and 72 finished. Next year 67 dwellings are to be finished. These and other activities are enabling us to form a plant housing cooperative which will start operating in the immediate future. The number of activities inspired by comments during party discussions is much larger. It is simply impossible to enumerate them all, especially matters concerning interpersonal relations and individuals in general. Let me thus merely mention the radical improvements in the working conditions of the workforce and environment at the Fertilizer Plant and the regular reviews of safety and hygiene of labor throughout the heating system line from Stalowa Wola to Jeziorek, which also ensue from party recommendations.

Voivodship Party Reports Growth

Bydgoszcz GAZETA POMORSKA in Polish 27-28 Sep 86 p 3

[Unattributed article: "Figures on the Voivodship Party Organization"]

[Text] Since the last few months of 1984 the membership of the Turun Voivodship party organization has been growing. But even so it is still smaller by 0.9 percent than it had been at the previous reports-elections conference.

As of 30 June of this year the party in Torun Voivodship had 41,153 members and candidate members. The proportion of workers and peasants among them is the highest, 50.8 percent. Representatives of all professions defined as whitecollar workers account for 47.3 percent of the total.

The proportion of bluecollar workers in the voivodship party organization has declined by 1.2 percent during the period covered by the report, and the proportion of peasants by 0.2 percent. On the other hand, the proportion of the intelligentsia increased by 1.5 percent. The decrease (in absolute figures) in the organization's membership has mostly been due to deletions and expulsions of members and candidate members.

The largest group among those deleted and expelled consisted of comrades who had joined the party during 1976-1980 and whose age ranges from 30 to 39 years.

The largest number of deletions and expulsions from the party was recorded in the cities of Torun, Grudziadz, and Brodnica, from the gmina-city party organizations in Chelmza, Golub-Dobrzyn, and from the gmina party organizations in Bobrow, Brodnica, and Kurzetnik. Altogether, 2,103 members and candidate members were deleted from the membership rolls of the PZPR. Decisions on 1,756 persons were taken by basic party organizations and on the remainder, by party echelons. The principal reasons for the deletions were neglect of party duties or resignation from the party upon own request.

Seventy-six persons were expelled from the party. It is worth noting that in an overwhelming number of cases (66) the decision to expel was taken by their fellow comrades at basic party organizations. Party control commissions took such decisions regarding 19 individuals, and a party echelon regarding one individual.

Candidate members were accepted by the party more often than during the previous term of office. In the course of 2.5 years 2,796 comrades had joined the party, of whom some 51 percent were workers and peasants. A definite majority (72.5 percent) of the candidate members were 25-39 years old, followed by 17.4 percent up to 24 years old. Among those belonging to youth organizations, members of the ZSMP [Union of Socialist Polish Youth] were in the majority (18.5 percent). Of the candidate members 24.4 percent are employed in agricultural and forestry enterprises, 19.5 percent in industry, and 11 percent in schools and research centers. The largest numbers of new urban members joined in Torun and Grudziadz, and rural members, in the gminas of Grazawy, Debowa Laka and Brzoza, and in the city-gmina organizations of Wybrzezna, Golubia-Dobrzynia, Nowe Miasto, and Lubawskie.

PZPR members and candidate members in Torun Voivodship belong to 1,404 basic party organizations and 352 branch party organizations. Their work is guided by 4 city committees, 6 city-gmina committees, 32 gmina committees, and 35 plant committees.

9 January 1987

Academy Focuses on Expanded Program

Warsaw Warsaw TRYBUNA LUDU in Polish 3 Oct 86 pp 1,2

[Article by Maria Olszewska: "An Institution Close to Social Practice" surtitled "Academic Year Inaugurated at the Academy of Social Sciences in the Presence of Wojciech Jaruzelski"]

[Text] The presence of First Secretary of the PZPR Central Committee Wojciech Jaruzelski at the ceremony inaugurating the new academic year at the Academy of Social Sciences points to the "importance attached by the party to ideological work, part of which is training in the spirit of Marxism-Leninism at our institution," as mentioned at the inauguration in the speech by Bernard Malachowski, a Junior at the Department of the Socioeconomic Sciences and the president of the Student Body Government.

In the presence of numerous guests representing party and government leadership and academia, the PZPR Academy of Social Sciences inaugurated on 2 October the third year of its activity as a reorganized institution. The basis for its reorganization was provided by its predecessor institutions for political education -- the Higher School of Social Sciences and the Institute of Basic Problems of Marxism-Leninism. As declared in the address by the Rector of the Academy Professor Jarema Maciszewski, this short period has served to explore the most effective solutions for achieving a structural and factual unity of research and instruction, and it also has produced signs of influence on the entire domain of social and humanist studies in Poland.

The Academy, which is becoming a major element in the country's cultural life is known nowadays not only as an institution serving particular needs of the party but also as a center concentrating and coordinating the activities of scholars in many domains of the social and political sciences. The Academy also attempts to preserve the unity of theory with practical needs by providing research results to particular constituencies. At the same time, it cooperates extensively with centers of a similar nature in this country and abroad.

The 1986/1987 academic year poses moreover new tasks ensuing from the resolutions of the 10th PZPR Congress. Joining in the work to implement them will be promoted by, among other things, the new Department for Studies of Personnel Policy, which is being formed in response to highly urgent present-day needs. Plans also exist for expanding the instructional program and methods as regards the study of religions and, more generally, cultural studies. The questions being asked nowadays increasingly require a broad treatment of interdisciplinary research, as emphasized by Prof Maciszewski. Hence the greater requirements posed to the 300 faculty members and research associates at the Academy. Last year they have published 60 books as well as more than 500 articles on particular topics and other publications, and they organized or participated in many scholarly symposia and meetings, not infrequently of an international nature. Last year they bade farewell to 250 graduates and undergraduates, and this year they will instruct a student body of 3,000.

The Academy of Social Sciences provides an extensive postgraduate and doctoral study program, in addition to internships for assistant and adjunct professors from other higher schools. This year it will organize, among other things, in

9 January 1987

cooperation with the Ministry of Foreign Affairs, a postgraduate Foreign Service study program as well as a one-semester program for the management personnel of state and cooperative farms and institutions serving agriculture.

At the inauguration ceremony, diplomas were conferred upon some 15 habilitated Ph.D.'s who had completed degree requirements the previous academic year. It was announced in this connection that the next six habilitations are already under way. The focal point of the ceremony was, of course, the solemn matriculation of representatives of the freshman class, performed by Vice Rector Professor Eugeniusz Mazurkiewicz.

A group of 25 persons who gained merit in sociopolitical and academic work received high state decorations from the hands of the Chairman of the Council of State Wojciech Jaruzelski. The Commander's Cross of the Order of Poland's Rebirth was conferred upon Edmund Krol, Docent Jan Rozszczypala, and Professor Stanislaw Widerszpil. The Officer's Cross of the Order of Poland's Rebirth was conferred upon Docent Bozena Krzywoblocka-Kosiacka, Professor Jerzy Ladyka, Eugenia Macuch, Wladyslaw Michalski, Docent Jerzy Pawlowicz, and Professor Wieslaw Spruch. In addition, Chevalier's Crosses of the Order of Poland's Rebirth and Gold, Silver, and Bronze Crosses of Merit were awarded.

Prizes for outstanding scholarly accomplishments were awarded by the Minister of Science and Higher Education Benon Miskiewicz. In addition, names of winners of the prize of the rector of the Academy of Social Sciences were announced.

Prof Wieslaw Spruch of the Institute of Economic Policy delivered the Inaugural Address, which dealt with "The Role of Science and Technology Progress in Socioeconomic Development."

Participating in the ceremony was PZPR Central Committee Secretary Henryk Bednarski.

Report-Back Campaign Goals Viewed

Warsaw EXPRESS WIECZORNY in Polish 10-11-12 Oct 86 p 3

[Interview with Stanislaw Gabrielski, director of the Political-Organizational Department of the PZPR Central Committee, by Jerzy Oseka: "People Are Irritated by Impotence"]

[Text] [Question] For a fairly long period of time little has been said about the party -- there was a kind of silence about it. But now, for a change, there is the reports-elections campaign that has lasted for nearly a year. This is making up for the past silence, as it were.

[Answer] Such a long campaign has ensued from the conscious assumption that the documents of the 10th Congress should be reviewed by the entire party with the broadest possible participation of nonparty members. Only such an approach can assure identifying the party's base with the resolutions of the Congress, with what in effect represents the accomplishments of the entire party and society. It should be borne in mind that our greatest weakness has been in

implementing resolutions and decisions; we have been plagued by lack of consistency in action. Now we are transmitting the resolution of the 10th Congress to the bottom, to the party echelons.

[Question] In this connection, is there room for local needs to be expressed during the conferences now under way?

[Answer] The philosophy of the present campaign is to translate the resolution of the Congress into concrete undertakings. For a tendency toward generalizing still occurs in the smaller party organizations. We want to identify specific tasks and the persons responsible for them, so that they would render an accounting on their implementation within particular periods of time. A veritable battle is being waged for posing problems and tasks in this manner. This does not mean that there is no room for local postulates, especially as regards matters that can be resolved with local resources, materials, and manpower. Hence, initiative, resourcefulness, and innovativeness do count.

[Question] How has the 10th Congress altered the party's outlook?

[Answer] First, it represented an expanded continuation of the line of the Ninth Congress, which points to the permanence of many solutions. The 10th Congress has stressed even more clearly that the party must be a force creating development and progress, and that its strong relationship with the ordinary daily problems is needed. The party must be an "oppositionist force" vis a vis all kinds of abuses; here discrete party elements and individual members must launch an offensive. This should promote a higher efficiency and better quality of our social and economic measures. The party's entire wisdom nowadays consists in harmonizing the often desultory personal aims with longrange and general aims.

[Question] There thus are many concepts, wishes, and suggestions, but the impression may be produced that the party engages in discussions, makes proposals, and evaluates itself within restricted party groupings, and that this does not result in a proper resonance, even if public interest is continually being mentioned.

[Answer] I believe that this observation should not be ignored. If precisely this impression is being formed by the society, pertinent practical conclusions concerning the party's operation have to be drawn. We should nowadays bear in mind that whatever we undertake should produce an effect on the entire society. There is nothing worse than a party echelon that works for its own sake, but this is still sometimes happening. Hence, in our party work we must "stoop" to the technique of implementation instead of remaining content with making declarations, no matter how just they may be. Issues have to be posed so concretely that the society would perceive some movement forward and [the party's] ability to solve problems. People are irritated by impotence and speechifying. That is not enough to win social acceptance and support. What a relief would it be, for example, if we were to cope with social problem number one -- housing.

[Question] Perhaps this problem has not been resolved because certain party echelons and elements want to solve everything by themselves and lack trust in

popular initiatives.

[Answer] The most important problem nowadays is the ability to resolve problems effectively. It is after all based on the criterion of ability to stimulate other social forces, to provide room for their own initiative. From the standpoint of both the Ninth and the 10th Congresses everything seems to be in order, but in practice the situation varies greatly. There is thus a need to promote greater autonomy, openness, and independent opinions of the institutions of socialist democracy. We must more boldly acquire new experience, learn to work in the conditions of a broadening democracy and a reformed operating mechanism of the economy, and develop an effective machinery for the consideration of social interests.

[Question] Despite these just postulates, the impression produced is that certain decisions are taken in the "old style," that in cadre policy it is the "key" [the party's recommendation] that is decisive.

[Answer] It's difficult to accept unequivocally such a categorical opinion. Democratization is a social process and must continue; nothing happens mechanically. The key to the problem is the ability to create the conditions for the primacy of the society. This demanded by the spirit of the time and by the situation in which we live. For nowadays our society is different from that which had existed 40 or 20 or even 7 years ago. The high intellectual level of the society and the assimilation of the ideas declared for years by the authorities, e.g., the participation of the society in governance, have sunk deep roots in the social consciousness. Once people used to feel convinced about many things, but nowadays they demand them to be implemented.

The problem is that while the laws in force provide every premise for translating into reality these ideas of the primacy of the society, the related possibilities are not being exploited.

[Question] But this is not being universally realized by the citizenry.

[Answer] Bureaucratic tendencies are extremely perilous; they occur with special intensity during crises and attempts at reforms. This is still rooted in the attitudes of many individuals. But what matters even more is the inability and at times reluctance to utilize the rights belonging to many institutions, and by no means through the fault of their heads or directors at that. I don't mean to complain about the society, but the dominant attitude is still that "those at the top" are responsible for everything, for good and evil. This is simply a consequence of many years of practice, so that nowadays many people find it hard to believe that they can really take certain decisions, that they are on their own. Moreover, the difficult economic situation at times requires decisions to be taken at the top, e.g., those concerning the supply situation, and self-government cannot always be genuine.

[Question] We complain about the passivity of councilmen, self-government members, etc., but after all this is greatly influenced by the manner in which these bodies are set up, by the lack of electoral contests. Where is there a room in the electoral struggle for that clash of dialectical opposites?

[Answer] We cannot formulate opinions on this subject so categorically. The process of the democratization of electoral laws within the party and other organizations is definite and extensive. This also applies to voting practices. For example, in elections to trade unions or self-governments there is no limit on the number of candidates. As for elections within the party, they are chiefly based on extremely broad consultation of voters. Not infrequently, incumbent party secretaries, even at the voivodship level, lose elections to candidates from additional lists.

[Question] But there are only single candidates for first secretaries of voivodship party committees. And those on whom the elections depend are listened to. Would socialism be undermined if there were two candidates for the post of a first party secretary, or if candidates for deputies to the Sejm were to be elected from an alphabetically ordered slate?

[Answer] I don't think so. Here there are no statutory restrictions. Democratization is a process that must continue. This process has already advanced very far. In my opinion, the problem lies not in that we have not yet approached the theoretical model but in averting obstacles to this process. Important aspects of the present times should include an open and sincere dialogue with the society about the most urgent issues of social and economic life.

[Question] Economic issues have been dominating our lives. The party leadership and the resolution of the Congress state that our aims are determined by realism. But that "realism" continues to presuppose the existence of inefficient economic structures and instruments. In effect, the solution of urgent social issues in the next few years is not assured.

[Answer] Nowadays no issue is more important than the economy. Thus while our entire reasoning concerns the attitude of the society toward the party and its program, that is because effective action is impossible in the absence of social support. Thus a battle is being waged to place the entire economy on the track of sane economic principles, which is not easy. The idea of egalitarianism is very strongly rooted in the social awareness, and this does not promote a more rapid application of the reform, which in its turn is hardly surprising. We also must modernize the organization of labor. This is to be promoted by the job certification drive. But if we desire to achieve progress in the economy, science and technology progress is indispensable. The present is posing difficult and even rigorous requirements, but it also affords unprecedented opportunities for tapping human potential.

[Question] But how can this be achieved, how can we come abreast of the world advancing ahead of us and reduce the technology gap, considering that brawn is still being prized more highly than brain? At meetings people often comment that the encouragement of initiative and talent is being prevented by the lack of wage differentiation, the absence of proper incentives for progress and inventiveness. In addition, as I realize, the constant stress on the pro-worker nature of the party and the authorities is a debatable issue.

[Answer] The problem so formulated is based on some misunderstanding. Stressing the pro-worker nature of the party ensues from its very nature, but

this does not imply undervaluing other social groups and strata. In addition, our concept of the worker is distorted in that we continue to view him solely through the prism of physical labor. In reality, 75 percent of the rising generation of workers have elementary and secondary schooling. We are resolutely determined to increase the participation of workers in governance and in the activities of public and self-government organizations as well as within the system of social control. Conditions for development should be most resolutely afforded to educated and resourceful individuals, often rebellious and troublesome as they may be. Nowadays science follows one road and economic practice another. It is high time for these roads to merge someplace.

[Question] I do not know whether there will be any such merger, because for the time being educated people are abandoning their professions and hiding their university diplomas in order to earn a livelihood somehow.

[Answer] I think that this mistake, rooted in the wage systems, should be rectified as rapidly as possible. We simply cannot afford to prolong such a situation. When we look at our country, we also perceive a tremendous differentiation, meaning that even in difficult conditions it is possible to earn much higher incomes. It is time for egalitarianism to be practiced at the top and not at the bottom. Allow me the following reflection: From experience we know that a weakening of spiritual and moral fiber in an individual or a society ineluctably leads to intensified frustrations and impoverishment of the inner world. In such conditions initiative is scarce. That also is why the party must wage extensive battles to nurture in the life of the society socialist spiritual and moral values and to achieve a high economic effectiveness.

1386

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POLITICS

POLAND

NEED FOR COLLECTIVE BARGAINING RULINGS DISCUSSED

Government Seen As Curbing Wage, Price Hikes

Warsaw POLITYKA in Polish No 46, 15 Nov 86 p 5

[Article by Leon Podkaminer: "Discussion: Is Collective Bargaining Necessary? The System Will Not Just Drop Out of the Sky"]

[Text] Negotiations over the draft of a law to introduce collective bargaining have continued for almost two years now. However, the two parties to these negotiations, the National Confederation of Trade Unions [OPZZ] and the government (represented by the Ministry of Labor, Wages and Social Affairs) have not been able to reach an agreement. What has caused these problems?

The unions are convinced that it is necessary to give employees of certain branches of industry the right to collective bargaining coordinated by that branch's union representation and its central economic administration (such as its ministry). This type of collective bargaining would establish a general framework for specific factory wage systems.

The Labor Ministry has come out against the concept of collective bargaining. Many public writers also oppose it as something alien to the spirit of economic reform (but they totally overlook the fact that there is not much of this "spirit" in our entirely decentralized pricing, distribution of funds and other spheres of economic regulation including wage and income policy).

The government's intentions seem to me to be entirely understandable. I think that the government wants to finally put an end to the wage and price spiral that has been building up since the start of reform, to moderate and restrain the negative influence that cash has on our shaky market equilibrium and the dissatisfactory situation on the labor market. It is probably assumed that the OPZZ which is institutionally based on the principle of collective bargaining will hinder the application of the instrument of inflation (price increases not matched with wage increases) as well as the discretionary and centrally regulated use of wage funds. This interpretation is also advocated

by the government's update of the Labor Code which restores archaic severity and repression to labor relations as well as by many statements against the general "over-welfare" of our state.

The possibility of an economically rational pricing and wage policy being paralyzed by powerful and "unrestrained" trade unions can never be entirely excluded. I would not, however, demonize the role of the OPZZ and on the contrary, I feel that the past's excess of freedom in pricing and wage policy poorly served the interests of the economy. There is no shortage of examples. The drastic price increases of February 1982 were not contested by any organized union activities and they did nothing to improve the balance of market and money. The poor structure of the price increases (which most strongly hurt the working masses) as well as of the implied wage increases only strengthened the continuing inflationary spiral and imbalance, accelerated the wage race and increased unjustified wage disproportions. The subsequent regulations on the FAZ [Professional Activation Fund] were also economically detrimental. There is also little good that can be said about the realization of the ministry's idea of factory wage systems.

Fatal Stupidity

In spite of all appearances, the debate over collective bargaining is not a matter of loyalty to the dogma of reform. However, Professor Czeslaw Bobrowski's Economic Advisory Council [KRG] has mistaken this appearance for reality. Although the council usually evaluates facts correctly, it is now seeing collective bargaining as "a stiffening of wage policy that is dangerous to the principles of reform and makes pay independent of company results".

It is fairly obvious that the first ideas about reform did nothing to address the problem of collective bargaining. As the reform concepts ripened intellectually, no mention was made of the future of trade unions organized in traditional "branches" or of a central economic administration, organized by branches. If we regard the present economic situation with its branch ministries and branch unions as just a temporary departure from reform principles, then there is obviously no sense in talking about collective bargaining.

However, this gives rise to many doubts which cannot be dispelled by even the keenest exegesis of the writings of the fathers of reform or by the evidence on the sort of economic practice to which reform has been reduced on its collision with the realia of life. The main doubt concerns a fundamental issue and that is the economic mechanism by which prices are set in a modern industrial economy. It would be fatal stupidity to give self-managing, independent and self-financing socialist work establishments the right to set their own wages. In practice this means an accelerated influence of unearned money without any streamlining of employment and accompanied by stronger decapitalization of national production property. In essence, this is a formula for the devastation and squandering of this property.

The necessity for a practical departure from the principles of reform and adoption of central control of wages was already apparent a few weeks before the New Year's Eve of 1982. The tools used to "discipline" the wage element in the spring of 1982 (the State Professional Activation Fund [PFAZ] and its latest mutations, greater restrictions on the freedom of employee movement) were obviously somewhat infirm and generated the next bad repercussions. However, the very principle of using this far from objective tool proves that life's requirements (or the instinct for self-preservation) will always emerge supreme over loyalty to a deserving but rather utopian dogma. Since we all agree that the reform principles on worker wages are weak (or to be more exact, have so far been too poorly defined) and that it is necessary to intervene on the issue of wages, then why should we not coolly consider the OPZZ's proposal without calling on the advice of the spirit world?

Are We to Pay for the Industry or for the Work?

Many economics-minded writers have expressed a fear that collective bargaining will make wages independent of work results and that these wages will be paid "for the industry" rather than "for the work". There is a comic element in this fear: the present economic practice which was established without any collective bargaining by the OPZZ has not given us too much proof that the above phenomenon has actually occurred.

It is presently difficult to see a clearer connection between the level and dynamics of wages in particular places of employment, industries and sectors of the economy and their economic results. Materials from the Chief Statistical Bureau have shown that this is a completely random connection. According to the KRG: "in the practice of recent years there has increased the number of various connections or completely formal indexations of the income of different population groups. This has become a strong inflationary factor that has extended the growth in wages over an ever-increasing range. There is a widespread drive to catch all wages up with the level of the highest income groups. This is something that cannot be changed overnight but the guidelines set by the National Social and Economic Plan [NPSG] should free us of this mechanism...".

We have thus learned that even without OPZZ collective bargaining, wages and income have still become institutionalized in our economy. This process of institutionalization has pushed the so-called "objective" adjustment of incomes onto the sidelines of economic life and into the economic underground and the world of the bazaars. Even in the case of private agriculture, free setting of incomes is practically nonexistent. It has replaced a rigid policy on purchase prices.

The economically destructive character of the present income and wage policy is unquestioned and it is becoming an increasingly urgent matter to change it in some way. What must be decided is what direction these changes should take. In my opinion, it would totally impractical to liquidate various "stiffeners" [usztywnienia] and "indexes" for regulation. I do not know of

any proof that a more elastic system would promote faster economic growth and lower inflation. Under favorable conditions such as a lack of market equilibrium, an elastic system would have a negative effect. It would reinforce inflation and promote hyperinflation, retard economic growth and cause much waste. Even the very assumption that the labor market can be efficiently run in the manner of a fish market (and this attitude is found to be the basis of many neoconservative concepts) attests badly to the professional competence of these thinkers and their knowledge of practical economics. They forget that without a certain amount of "stiffening" in wages and labor issues, any organized production based on paid labor would be impossible. It would be even harder to imagine work demanding high and continuously improved skills unbreakably tied in with modern (and especially the newest) industry.

If we conclude that it is absolutely necessary to index the wages of professors from the Academy of Sciences, then on a more or less similar principle, we must see that it is also necessary to index the income of the overwhelming majority of skilled workers in a modern economy. Furthermore, regulation of income in productive sectors of the economy is all the more necessary because the economic effects of various factories, industries and sectors are achieved under incomparable work conditions. Their production property, equipment, work load and finally such arbitrarily set parameters as prices, tax reductions, etc. cannot be compared.

However, a Corset

In even the most market-oriented societies, the economic interests of the variant participants to the economic life of the country dictate the making of various compromises and "stiffeners", both formal and informal. Collective bargaining which often culminates in public agreements signed by governments, employer representatives and unionists are not at all economically destructive. If the opposite were true, then the leading European nation would not be Sweden (which has for the last 50 years been characterized due to its trade unions for complete stiffness and even egalitarianism in the area of incomes) but Yugoslavia which is completely adapted (and with some results) to the rule of the 3 S's.

It is the stiffening of wages by collective bargaining that can make some order out of our wages (and therefore the economy in general). It is not a matter of avoiding rational institutional stiffening of wages because life itself will then produce a system of parities and priorities whose glaring illogicality and unfairness will sooner or later cause a landslide of demands for revindication and increased wages. We must finally recognize the fact that in economic life, the strictly economic motive (profit and earnings) does not play a fundamental role (except perhaps for socially alienated individuals such as the Gastarbeiter [foreign worker]). The primary motive is the sociological one which is connected with how one evaluates his or her position in society. This evaluation is above all determined by one's ranking on the public wages and income list. If there is a lack of harmony here and if

socio-professional groups, certain worker groups and finally individuals perceive this chaotic and random nature of wages, we can only expect a new round of wage demands, lowered morale and work prestige and a decline in any feeling of loyalty to one's employers. It is not the actual wages that determine people's attitudes but how fair they perceive the wage scale to be.

Therefore, how are we to put the wage scale into better order? I think it is economically counter-productive to strictly economize the wages of certain people, worker groups or industries as some economists advocate. This will not work for technical reasons, one of which is that there is no practical way of measuring the work of different people and groups and no ready-made system of job certification can get around that. Such economization would not do anything to eliminate the sources of our present muddle, the objectively (and subjectively) unjustified differences between the material living conditions of various social groups, professions and of workers in different industries and sectors.

What should we do then? In my opinion, we must consciously and wisely create a proper corset for the entire national system of wages, income and prices. We must at the same time eliminate all of the accrued randomness and arbitrariness that has made Poland a country with absurd wage and income ratios. It is obvious that the system we wish to create must allow and even compel competition between workers, factories and branches of the economy.

Of course, such a system will not drop out of heaven nor will it be dreamed up for us by any professors or ministry "specialists". It will have to be formulated through toilsome negotiation between government representatives and the trade unions. Only the union representatives can correctly express and to some extent influence the feelings of the working masses. Without giving due consideration to these feelings, we will not gain public acceptance for our price and wage policies and without public acceptance of the general income policy, wage races, falling work morale and revindication will persist.

OPZZ Fears Return to Inflexible Centralization

Warsaw POLITYKA in Polish No 46, 15 Nov 86 p 5

[Article by Cezary Stypulowski: "Getting Nowhere by Branches"]

[Text] For nearly three years (that is, since the meeting of the trade unions at the Baildon Steel Works), the issue of collective bargaining has stirred many emotions. Following nearly two years of talks and discussions between government representatives and trade unions, the Sejm commissions received at the end of April a government bill changing the section of the Labor Code on collective bargaining. It is presently being read by special Sejm commissions.

The trade unions have questioned some of the bill's provisions and disagreed on a number of points. Therefore, it is on the Sejm forum that the latest confrontation over this issue is taking place.

In the most general terms, aside from dominating issues innately concerned with prestige and authority (whether most of the Council of Ministers' executive acts are to be implemented under consultation with the OPZZ), it is unclear how much companies must abide by wage settlements reached by bargaining. In addition, the possibilities for group debates during the course of collective negotiations and mutual relations between collective bargaining and employment agreements are also unclear.

Collective bargaining is an institution with a great tradition which in Poland reaches back as far as the 1920's. Historically speaking, these arrangements which are usually established at the branch level of administration were one of the unions' chief weapons in their drive to improve the wages and working conditions of their members. However, when businesses are independent and self-financing and the expected structural and organizational changes in the economy are achieved, the role of negotiations, especially branch negotiations as a primary means of setting wage rights must be reduced.

Their significance is already diminished by the fact that there already exist factory wage systems based on the correlation between worker wages and the company's financial results. Any failure to perceive the changes that have occurred in our present economy and organization of social life comes from an attempt to keep thinking in terms of the myths of the past.

The Independents Decide

Under our present social and economic conditions, the planned changes in collective bargaining must bring reawakened union aspirations in line with the basic premises of economic reform. Any other approach would push us back in time to when stiff central pay regulations utterly failed to create satisfactory wages for the people, not to mention the fact that they also rejected any consideration of any sort of relation between the results of company activity and the level of wages.

Use of reform criteria as a guide means that the following premises have to be considered in any effort to devise systems for the use of collective bargaining:

- respect for company independence in terms of their freedom to set for themselves the amount of funds available for wages while considering tax forms for limiting them;
- allowing companies the freedom to manage their own wage funds;

-- recognizing the principle that the level of individual employee wages should be set within the firm and according to that establishment's wage system and work results;

-- the amount of individual wages is a matter for the firm, worker self-management and the union organization to settle;

-- an end to the tradition of regarding the state and state organs as employers.

An immeasurably important problem in the establishment of collective bargaining is putting an end to branch-level negotiations. This means that a greater role must be given to vocational-level settlements that could in a more uniform manner define rights and especially the wages of employees performing a certain job regardless of which industry employs them.

The government bill has adopted a fairly flexible position. It accepts the principle of equal treatment of both forms so that the trade unions are closer to the branch model of bargaining. It seems that the government point of view is determined by tradition and the present branch structure of the unions. In my opinion, it is necessary to stop generalizing branch negotiations and give greater emphasis to unions. A general branch model for settlements would only consolidate old and obsolete structures.

As it is assumed, gradual organizational changes in the economy based on the movement and control of capital should lead to the formation of complicated inter-branch economic groupings including companies from different branches of industry and areas of activity and under these conditions, the desired direction will not be aided by the branch model of bargaining nor by the present organizational structure of the trade unions.

Can Pay or Must Pay?

In previous discussions of the concept of collective bargaining, two issues were a source of growing antagonism. These were the problem of how binding the terms of collective bargaining are on firms using factory wage systems and who is supposed to negotiate these terms.

Collective bargaining makes some sense only when the terms of any settlement are binding on the given firms and their wage systems. If we agree that the firm itself is to set its own wages using factory pay systems and according to its own financial abilities, then collective bargaining at the branch level would be useful if it produces terms that obligate the firm. This means that the wage provisions stipulated under collective bargaining should guarantee all workers that they will not work under conditions worse than those achieved by the settlement.

The government bill being discussed in the Sejm assumes that the provisions of a labor agreement will remain valid in relation to primary wage rates only as

long as the firm in question is able to pay these wages. In this case, the principal of self-financing must be consistently observed and the state budget will not be held responsible if the firm is unable to fulfill the wage terms. Therefore, collective bargaining should determine the wages and minimum wages for the given trade and jobs. If a firm is unable to finance these wages, it would have to be eliminated. To alleviate the severity of this provision, there should be a mechanism by which the terms set by the labor agreement could be suspended as long as the firm is carrying out a program to improve its efficiency.

Some consideration must also be given to the manner in which unions are represented in inter-branch vocational negotiations and to how the organ representing the employers is named. The new law must define the form of representation of employees for negotiations because a model of union settlements would run against the actual way in which the trade unions are organized. This could give rise to union opposition to this form of bargaining. The law should therefore make the trade unions responsible for creating proper representation for vocational negotiations.

What to Discuss at the Negotiations Table

During negotiations, representatives of trade unions want to see the minister of the given branch of industry seated on the other side of the table. Under our present legal, social and economic conditions, the minister as an organ of state cannot represent the state as an employer. He could sign an agreement for the state that he represents and is able to guarantee standards, job safety conditions and minimum wages. This means that collective labor bargaining could involve only around minimum wages settlements.

Another essential problem is how to set up wage ratios between different branches. For the time being, there is nothing in the discussions that would make it possible to understand what would keep the minimum wages in one branch from being higher or lower than those in another. If the answer to this question were an explanation that the problem is supposed to be resolved by negotiations between the minister and the union, this would mean that we can expect another wave of random wage differences between branches. In a short period of time, it would then be found that two workers doing the same job in two different branches would be receiving very different guaranteed wages and benefits.

One possible solution to this problem might be for the OPZZ and government representatives to set up a list of several hundred of the most typical jobs and types of work found within particular branches and to work out a general long-term agreement guaranteeing the minimum wages for those jobs. The chief disadvantage of such an approach would be the necessity of working out a public consensus on differentiating jobs. This public act of recognition of differences would make OPZZ and unions equally responsible for the stratification of work within the economy.

General agreements and collective bargaining would only affect minimum wages and the actual differentiation of pay rates would be settled within the respective firms in relation to their own pay scales and ability to finance the set wages.

If there is a gradual growth in the range of vocational negotiations, settlements can be guaranteed and a mechanism can be set up to establish a ratio of wages between branches and vocations, then collective bargaining can in the future improve the way in which worker wages function. Collective bargaining must, however, be a means of guaranteeing rather than setting wages. This means that they can only be used to set minimum wages and benefits while it is factory agreements that should set actual wage rates in relation to the firm's ability to pay. It would be just as naive to think negotiations can provide a rational and socially acceptable schedule of wages as it would be to believe in some magical economic mechanism. In order to negotiate how profits are to be divided, it is first of all necessary to know what there is to be shared.

Collective Bargaining Issue Spurs Controversy

Warsaw RZECZPOSPOLITA in Polish 11 Nov 86 p 7

[Article by [Or.]: "From the Work of Sejm Commissions -- The Finale to Discussions on Collective Bargaining"]

[Text] (Own information) The Sejm Commissions on Legislation and Social Policy, Health and Physical Education under the chairmanship of Deputy Jerzy Jaskiernia (PZPR) reviewed on 10 November a subcommission report on a bill to change the labor code.

Let us remind our readers that this bill which proposes changes to the chapter titled "Collective Bargaining and Collective Agreements at the Place of Employment" was presented by the government at the Sejm plenum session in June of this year.

The subcommission's report was submitted by Deputy Wiktor Pawiak (PZPR) who stated that the bill was written under consultation with the Sejm Social and Economics Council, a team of Sejm advisors, larger work establishments and experts. The OPZZ proposed 11 different changes to the bill and 8 of these were added by the subcommission. The greatest amount of controversy was aroused by the parties negotiating a collective settlement. Following discussion, both commissions adopted the provision that the organ representing workers in collective negotiations is to be the OPZZ and that:

1. State-owned enterprises are to be represented by the appropriate minister (central bureau director) once the contents of an agreement are decided between the company representatives that the minister appoints and the union representatives. The signing of an agreement by the minister requires the approval of the company organs affected by that agreement;

2. The appropriate minister will represent other state-owned enterprises;
3. Cooperative organizations are to be represented by the appropriate charter organ of the central cooperative association;
4. National public organizations conducting economic activity are to be represented by their appropriate charter organization;
5. Socialized work establishments are to be represented by the appropriate charter organ of the central association or by an association of these establishments.

After making minor changes and with two votes abstaining, the commission approved the draft submitted by the subcommission. Wiktor Pawlak was named to be the reporting deputy.

Stanislaw Gebala, minister of labor, wages and social affairs took part in this meeting and expressed his thanks to the deputies for their work on the new law.

Taking part in the discussions were the deputies Marian Krol (ZSL), Jan Pryszcz (PZPR), Irena Szczygielska (non-party), Stanislaw Nowel (PZPR), Emilia Pogonowska-Jucha (ZSL) and Janusz Pawlowski, vice-minister of labor, wages and social affairs as well as several experts.

12261
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POLITICS

POLAND

PROBLEMS IN PEOPLES COUNCILS ROLE, PERFORMANCE VIEWED

Gdansk DZIENNIK BALTYCKI in Polish 17 Sep 86 p 3

[Article by Wojciech Kazmierczak: "Half Way Through the Term of Office of the Provincial People's Councils -- the Law on People's Councils in Theory and Practice"]

[Text] The people's councils operating under the provisions of the 20 July 1983 law have already completed half of their term of office. Even though the two-year term of these bodies is too short a period to evaluate their performance, it is almost certainly enough to judge the effects of the innovative legal provisions adopted three years ago. Daily practice in the functioning of these councils has revealed some of the imperfections of the law.

For example, the law does not clearly define how much authority the councils have to name towns and villages and has also omitted any provisions on the tasks that neighborhood councils are to fulfill within the so-called city provinces. This situation is especially difficult in Wroclaw and Poznan, cities which have gained the right to create neighborhood councils.

Both the city and neighborhood councils in these provinces are first-degree councils and their relationship to each other is a riddle to everyone. In Wroclaw, the city people's council has still not gained its proper rank and has not been granted by the provincial people's council enough authority to become the real master of the city. In Poznan, the neighborhood councils have just this year for the first time worked out their own plans and budgets and up to now have always had these documents prepared for them by the city government.

Much legal quandary has been aroused by the division of tasks between the provincial people's councils and the governor as the government representative. This is true for example of public safety and national defense tasks which according to the law must be fulfilled by both the provincial people's council and the governors. Up to now, this problem always had to be resolved by interpreting the law each time any difficulties arose.

The law on the system of people's councils and regional self-government is constitutional in character but several other legal acts issued both before and after 20 July 1983 are in conflict with its provisions. For example, this is true of the law on the office of the finance minister and the treasury bureaus. The collection of money from economic establishments for the regional budgets has been entrusted to treasury bureaus separate from the people's councils and subordinated solely to the finance minister. These institutions are supposed, for example, to have the right to remit fees and grant tax reductions without any obligation to make up for the reduced income to regional budgets.

Another imperfection of this law connected with financial problems is found at the juncture of the law on the system of peoples councils and the law on "budget right". The latter act transformed funding defined by the law on people's councils as general funds into equalizing funds of a discretionary nature. The way in which these funds are allotted therefore depends much more on power and influence than on objective needs and the increase of council funds through the greater thrift of these bodies has in practice paradoxically reduced the amount of discretionary funds available to them. Council members have pointed out that this means that their energy is applied not as much to managing funds as to obtaining them as the only means of making any sort of investments.

In the practice of the people's councils, there is also a lack of any specific criteria for giving a mandate to the leaders of regional government. This institution is one of the chief guarantees of council influence over the government but it has in practice become nothing more than a formality. Up to now, no provincial people's council has refused to give a mandate and one can count negative decisions by the first-degree councils on the fingers of one hand. Therefore, there still persists a situation in which a mandate is gained by a slight majority which is then taken away by an administrative decision of the governor. This makes it urgent for the council members to gain a binding interpretation of the law.

In the light of this law, much controversy has been aroused by the continuing concentration of primary medical treatment in health care establishments governed by the provincial people's councils and financed by the provincial budgets. After all, it is the first-degree councils that have been given the task of protecting the health of citizens within the given cities and communities. There are still other legal acts that are out of accordance with the principles of the July law. This makes it an urgent necessity to review all administrative law and make the required corrections so that the people's councils can actually guide all aspects of the social, economic and political development in their respective regions in accordance with the general ideas expressed by the law on the system of people's councils.

12261

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POLITICS

POLAND

ARMY AGITPROP CHIEF ON TECHNOLOGY ROLE IN IDEOLOGY STRUGGLE

Katowice TRYBUNA ROBOTNICZA in Polish 19 Sep 86 pp 3,4

[Article by Professor Doctor Habilitatus General Leslaw Wojtasik, deputy chief director of the Polish Army Chief Political Directorate and director of the Bureau of Propaganda and Agitation: "Information in the Ideological Struggle -- TV-Video-Computer"]

[Text] Much experience has shown us that in the struggle with socialism, imperialist centers for ideological subversion make scrupulous use of everything available, including technology. This is especially true of the propaganda aimed at socialist countries. Until recently, the chief propaganda tool was radio. However, radio propaganda has become a much less attractive and effective form of subversion in the face of other new and rapidly-growing forms of communication.

In this situation, the western centers of ideological subversion have found it necessary to look for new and more attractive means of individual indoctrination in the socialist countries including Poland. We are now seeing attempts to use new forms of communication that have attained such a level of technical sophistication and mass appeal that they are quite useful for propaganda purposes and these are video equipment, personal computers and satellite television.

Subversive Video

Video equipment is now a very attractive means of mass communication. This is above all due to the fact that video is a very private form of communication. The owner of video equipment can choose what he wants to see and when. The selection can also be replayed in part or full and for that reason, this makes video his or her own information source. This private nature of video does not always make it possible to use information in a planned and deliberate manner to shape public awareness or to control it effectively.

All of this means that video can become an attractive means for the ideological enemy to distort public awareness. We can already see the symptoms in Poland.

In the opinion of western centers for subversion, this means of communication can reinforce the illegal distribution of information in Poland and create an important weapon for "independent" culture. Using video recordings, the ideological enemy can reach a large audience. According to estimates, there are more than 200,000 videos in private use. The large number of these devices, the great demand for video cassettes and the lack of any state production of these cassettes all encourage intensified illegal production and the smuggling of cassettes from western centers of subversion. According to information from the Chief Bureau for Control of Publications and Public Performances, 4328 films were controlled in 1985. Most of these were American, West German and English films of little artistic value aimed at the unrefined tastes of the viewer and including pornographic scenes, cruelty and violence as well as some antisoviet themes. Many of these films have also slipped through control. Therefore, Poland is seeing an uncontrolled wave of antisocialist films and this may play a key role in the indoctrination of large numbers of our people and especially youth.

Attempts to set up illegal facilities for the production of video cassettes in our country have been unsuccessful and for that reason, others have been organized in the West which produce cassettes smuggled into Poland.

Especially active in the production of video cassettes has been Videokontakt in Paris which is part of the Brussels Solidarity's press organ KONTAKT. For the benefit of antisocialist organizations in Poland, this publishing house is already producing videocassettes such as the "War Calendar", a film which takes a biased view of events in Poland from 13 December 1981 to the burial of J. Popieluszko in November 1984, and "Culture" in which the creators and colleagues of the Literary Institute in Paris (Jerzy Giedroyc, Zofia Hertz, Jozef Czapski, Gustaw Herling-Grudzinski, Konstanty Jelonski and Czeslaw Milosz) talk about the origins, history and present activities of that institute. Videokontakt also periodically issues the "Film Magazine" which includes biased interpretations of events in Poland.

In the next few years, there will be more video films on Poland's pre-war history, General Anders' 2nd Polish Corps and the history of the Polish emigre government in London.

Another center producing Polish videocassettes in the West is the London Solidarity offices which have created the CDN-Film-Union publications firm. It functions as an agent for supplying filmed material (on film or video cassettes) about Polish affairs for the western mass media. Some of these productions find their way to Poland.

Under this situation, it has become extremely urgent for Poland to start up its own mass production of videocassettes that would be an attractive

alternative to western products and this must be done to actively counter the subversion of our ideological opponents.

Personal Computers in the Ideological Struggle

Minicomputers are outwardly ideological and hard to use to manipulate human thinking. However, we can still expect to see the growth in the use of these computers pose an ideological threat.

Minicomputers are especially fashionable among youth. Through minicomputers, data-processing has, as Lyle and Hoffman's 1982 studies foresaw, become a part of the mass media and is for youth a source of knowledge about the world. A computer not only gives information but also allows the operator to participate in its presentation. The youngest youth sit before a computer monitor and are removed to a world of fairy tales, legends and supermen. Computers are also finding their way into schools in educational programs intended to serve both the pupils and their teachers.

Some programmers that have been inspired by western ideological subversion which is using the computer craze for its own purposes have begun to create "programs fostering anticommunist attitudes".

Playing with a computer is an active past-time. An inanimate device becomes a partner and its speed and accuracy makes people trust it. The less people know about computers, the more they trust them. For most young (and old) people around the world, this device is a black box that one trusts, learns to like and often becomes a friend of the household.

For some people, computers have become a tool and helper at their jobs while for others (and most of us), a mass-produced toy.

The variety of games and science-fiction computer adventures is increasing. Western programmers and game designers try to influence the tastes of their buyers. Not only do they follow fashions and pay homage to brutality and sensationalism but they also try to turn these into an anticommunist direction. This is no longer a game of strong impressions but one of human attitudes. The game most often gives the player a chance to "be a hero" and measure his strength against that of the machine.

The first computer games were games of chance. They used randomizing functions found in any minicomputer. These games relied on luck and to some extent, on the players ability to manipulate the keyboard. These games include some popular ones brought into Poland from the West such as [illegible], "Atic-Atac", "Hobbit", "Knight-Lore" and many others. Devoted collectors already have as many as 500 of these programs. They vary in their scenarios, graphic excellence and degree of difficulty but the algorithm of their action is pretty much the same.

Logic games are another type. Although they do use some luck, they are still for the most part based on strategy and the better player can win. It is not only manual dexterity, reflexes and ability to use a keyboard that are important but also tactical thinking and an ability to foresee and evaluate one's own position. This group includes simulations in which the computer program numerically reconstructs real processes.

Simulations have brought politics into the world of computers and the authors of the games use history as their point of departure. Using simulations games, a player can, for example, command the invasion of Normandy or relive Operation Market-Garden. In one such game, the "valiant" Bundeswehr crosses the German border and pushes all the way to the Bug. A good player can of course take his army as far as the Urals and the political map of Europe after such a session may look much different than before.

The next type of computer game useful to ideological subversion are the "champion" games whose main principle is "shooting". The winner is the one who scores the most points against artificial opponents.

At the present time, record popularity is enjoyed by the "Raid on Moscow" game. The player, armed with his own computer has a powerful arsenal of weapons. There appears on the screen a map of the Soviet Union studded with rocket launchers. The invaders armada must bypass these defenses or destroy them. Later, the streets of Moscow appear on the screen and the only task here is to shoot people and buildings. The winner is the one that gets the most points.

Another game is based on a powerful counterattack against the Warsaw Pact. The important feature of this game is that the communist player never loses! He is always strong and invincible and his opponent can only receive more or less losses.

The final type of computer game is the educational game. The computer aids the teacher and is used as a data bank. What does the computer know? As much as the programmer has put into it. In all of Western Europe, young people using the English language geographical education program "find out" that Poland has two official languages, Polish and German!

These examples are only part of the programming that has reached our country. It is hard to guess how many personal computers are already in Poland but it is assumed that there are at least 150,000. Programming and hardware can be bought in the most diverse market-places and their prices are continuously dropping.

It is worth pointing out that programs like "Raid on Moscow" or "Arnhem" have already been adapted to all types of computers. Soon, these programs will also be written in Polish language versions.

The lack of Polish equipment or rather, its poor promotion, has given youth the lasting conviction that foreign equipment is superior. English-language programs suggest that we are incapable of doing the same thing.

There is already great demand for high-quality Polish minicomputers and that is what the ELWRO 700 and ELWRO 800 may become if they are mass-produced to lower their prices.

It will also be necessary to create in Poland good educational programs that will teach our youth that computer games are not the only functions of this equipment.

Satellite Television

There are more and more signs that western ideological subversion will soon open a new front in its information struggle with the socialist countries and that is the already-existing systems of satellite direct television broadcasting.

In April of this year, this problem was addressed by the Commission on Public Diplomacy in a special report sent to the White House and Congress of the USA. The report pointed out the need to increase television propaganda to the socialist countries by using communications satellites of the United States American Information Agency. Its director, Charles Wick, recently stated publicly that this is supposed to be a television broadcast system that allows "direct communication with the societies of other countries above their heads of state". American Secretary of State George Schultz spoke in a similar vein in March of last year when in a conversation with the Washington chapter of the National Academy of Sciences he said that television satellites should be used if not for outright counter-revolutionary purposes then at least to "destabilize the internal situation in socialist states".

At the present time, work is continuing to create a network of direct-reception satellite telecommunications systems that could reach the entire world. Efforts in this direction are being made by the United States and Great Britain and within Europe itself, by France, the German Federal Republic, Italy and the Scandinavian countries.

Considering the fact that the investments involved in building such a television system require a great deal of private capital, we must assume that we will soon be seeing subversive television broadcasts similar in spirit to Radio Free Europe. This will be made possible by the West's recently developed and constantly improved MAC (Multiplex Analogy Components) signals emission system which allows programs to be received simultaneously on several phonic channels by PAL and SECAM television receivers, one of which (the SECAM) is used everywhere in the socialist countries.

With the help of special and not too complicated antennas, it is already possible in Poland to receive 20 different western television signals relayed

by four satellites in geostationary orbits. The Eutelsat telecommunications satellite can transmit 10 programs from the USA and Western Europe (the German Federal Republic, Great Britain, Belgium, Holland, Italy, Switzerland and Austria). The Eutelsat-2 satellite makes it possible to receive Swedish and Norwegian television plus two Eurovision programs. The Intelsat V F-11 telecommunications satellite relays three British programs and one 24-hour program from the USA's television network. At the same time, Intelsat V F-4 transmits three television programs (two of which are regional) from the German Federal Republic.

The signal quality in Poland is varied and chiefly depends on the characteristics of the given satellite. However, in terms of picture quality, most of these are as good as our own television programs.

The German Federal Republic and France soon plan to introduce geostationary-orbit television satellites for the direct reception of programs throughout Poland. Furthermore, many European countries such as Luxembourg, Sweden and Austria plan in the near future (1987-1988) to put into orbit their own satellites that will also be capable of reaching Poland.

As the satellite television technology grows, our ideological opponent hopes to intensify the spread of video cassettes as it is felt that satellite television will make it possible to organize points within Poland at which these programs can be recorded and reproduced.

Our ideological opponent feels that information is a weapon that can be used to achieve certain results. It is an alternative to military action which can also hurt the aggressor and is therefore a "safe" weapon. In connection with this, the aggressive use of information continues to be intensified. Forces and resources are being regrouped and methods of action are being perfected to hit with redoubled strength. In such a situation, it becomes an urgent necessity to organize means of countering this subversion and limiting its effects.

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POLITICS

YUGOSLAVIA

IMMIGRANTS ON U.S. TV CRITICIZE, DEFEND NATION

Belgrade BORBA in Serbo-Croatian 20 Nov 86 p 8

[Article: "A Scenario That Went Wrong"]

[Text] On 15 October of this year Channel 4 in Detroit organized a kind of round-table discussion about the situation in Yugoslavia which it broadcast live. The participants were Yugoslav immigrants of Albanian origin. The purpose was to accuse our country of supposedly violating human rights toward the Albanian ethnic minority. One emigre named E. Barle said on that occasion that the Albanians in Yugoslavia are in the same position as the blacks in South Africa.

Obviously unable to tolerate such an observation, another invited participant in the round-table discussion, Camaj Nosa, an emigre from the vicinity of Tuzi in Montenegro, asked to speak. And the scenario of the round-table discussion established in advance "was spoiled."

Camaj said that there are 6,500 Albanian emigres in Detroit from his region who had emigrated for economic reasons and that most of them made trips back home to Yugoslavia without any impediments whatsoever. He lived in Yugoslavia for 42 years, he said, and he could say and back it up that in the SFRY all citizens have equal rights, regardless of nationality, religion, or origin, to use their own language, and to have their own schools, factories, electrical power system, and roads, that everywhere they are represented in proportion with the other nationalities. Just look, Nosa said, even the head of state is an Albanian from Kosovo, Sinan Hasani.

Camaj Nosa also explained that 90 percent of the Albanian population in Kosovo was satisfied with its position as a nationality and that the disorders in 1981 were caused by "street people under the strong influence of external enemies." He especially emphasized that the demonstrations of a segment of the hostile Albanian emigre community in the United States are not evidence of anything, since he is fully aware that anti-American demonstrations take place every day all over the world. All those who demonstrate against Yugoslavia, Nosa said, belong to fascist organizations which during World War II fought together with the Nazis against the Yugoslav fighters, including those belonging to the Albanian nationality, and he concluded that Barle's assertion was an out-and-out lie.

POLITICS

YUGOSLAVIA

CRITICS OF HUMAN RIGHTS RECORD AT CSCE MEETING

Belgrade BORBA in Serbo-Croatian 20 Nov 86 p 8

[Article by Dusica Petkovic: "Yugoslavia Subject to Foreign Pressures: Use/ Abuse of Principles"]

[Text] The endeavors of certain international groups and organizations to betray the SFRY as a systematic offender against human rights are mainly aimed at compelling political changes in our country and changes in the system.

The meeting in Vienna of the Conference on Security and Cooperation in Europe, as has been the custom at the previous meetings of that kind, has turned into a marathon. Not so much because of the long agenda that could not be handled in a shorter time, but because of the thorniness in reaching consensus, above all among those who are most powerful. The regular meetings from Helsinki, then in Belgrade and Madrid, to Vienna, have been marked by the desires and endeavor of the majority to preserve and further improve what was agreed to in Helsinki. Unfortunately, as is the case in many other things, the relations between the great powers put their mark on European security and cooperation. And the political relations between the superpowers have not been improving in recent years so that the process of the Conference on Security and Cooperation in Europe might have been separated from the entanglement of their perpetual confrontations.

One of the segments of the Conference on Security and Cooperation in Europe, the so-called "third basket," that is, the part of it that concerns human rights and freedoms, has been taken lock, stock, and barrel to the ideological level as a method of discrediting the socialist systems and of shattering previous conceptions and laws in effect on human rights in the societies which have committed themselves to the socialist strategy of construction.

Nor is Vienna any exception with respect to heating up the basket concerning human rights. The American Secretary of State Shultz arrived in the Austrian capital "all set" to advance the issue of human rights into the foreground, and the various groups of "activists" in front of the Hofburg Castle and in it were a living illustration of the orchestrated efforts on the part of one bloc.

Aside from the Soviet Union, the socialist countries of eastern Europe, and certain nonaligned countries, Yugoslavia was also on the lists of certain

countries as a country where human rights and freedoms were being violated. Those lists, reports, and analyses are made up by various Western semiofficial, semiprivate, and similar organizations and groups, and the mass media such as Amnesty International, the International Federation for Human Rights, the Voice of America, and the BBC.

According to the authors of these reports, although there is a "certain tolerance" and certain "promising events" in Yugoslavia, still this is a system of "subtle and effective repression against more than 1,000 political prisoners, with the banning of books, bad conditions for political prisoners, police brutality, and abuse of psychiatry."

Amnesty International, which was first established in London as a private group of lawyers whose guiding idea was to protect what were referred to as "prisoners of conscience"--people who have been convicted of political crimes and who are in prison all over the world, has been especially active and is the most sizable of all organizations of this kind.

Over 10 years Amnesty International has been pursuing its ambitious conception through its 500,000 members in more than 100 countries in the world. It has an annual budget of 6.4 million pounds. It asserts that in almost half of the countries of the world there are "prisoners of conscience" whom it is protecting and whose cause it has taken up.

They Do No Get to the Roots

The Yugoslav "prisoners of conscience," according to these organizations and certain poorly informed Western media, are protagonists of political trials which have been followed with particular attention and marked down against the conscience of our courts and our society as a whole.

Amnesty International does not enter into the difficult definition of what human rights actually are, since--"we do not concern ourselves with the roots of oppression, we are neither for nor against a particular policy or ideology, we concern ourselves only with the symptoms and consequences."

By the nature of things human rights must be universal. Individual political and civil rights would be a naked skeleton without economic rights, the right to develop, the rights of women and children, the right to worship, and equality of the races.

It never occurs to Amnesty and similar organizations to put xenophobia and racism on their lists, the imprisonment of Nelson Mandela for several decades, or the killing of children in Soweto, the position of the Turkish gostarbeiter in West Germany, the disenfranchisement of American Indians restricted to life in reservations, the blacklisting of members of communist parties in the West--to name just some of the things.

Firmness and high principles are usually used/abused when it comes to the small developing countries and the nonaligned countries--it is a case of heavyweights against featherweights.

As far as our country is concerned, the accusations sometimes run the gamut from the phrasing "a communist country whose one-party system has many features of a free society" (CHRISTIAN SCIENCE MONITOR) to the comparison with the South African Republic(!), which is in bad taste.

Nuances and Bad Taste

Our country's commitment to socialism and self-management is a fact which places it--according to the assessments of the West--in that other camp where unfreedoms are presumably of a genetic nature. And it exposes to the onslaught of fierce mutual exchanges of fire between the blocs a country known in the world for its approach and resolution of the rights of ethnic minorities, for the openness of its borders, and for self-management, one of the supreme human rights.

Most of the criticism addressed to Yugoslavia has to do with Article 133 of the Criminal Code, which defines the so-called verbal crime. Neither our own Yugoslav lawyers nor other specialists are very happy with that article, thought is already being given to modifying or even eliminating it. Article 134 of the Criminal Code (the urging of ethnic, racial, or religious enmity) has also been the subject of foreign criticism. While condemning Yugoslavia for the political trial of Albanians who were "peacefully seeking a republic of Kosovo," Amnesty International does not enter into the reasons, the motives, and the consequences. It does not know or does not wish to know that in these sensitive areas of ours the advocacy of secession, just like the incitement of religious and ethnic enmity, has always led directly to bloodshed, terrorism, and genocide. Our critics do not want to see that preventing ethnic enmity in our country actually signifies a guarantee of freedom for others. Nor the size of the general danger of the development of undemocratic nationalism.

The goals are different: to assume the right to be the judge of someone who is placed in the defendant's box.

The efforts to portray Yugoslavia as a country in which human rights and freedoms are systematically and continuously violated are aimed at forcing certain political changes in our social system, in the courts, in the political organization, and in the constitution. And they fit into campaigns of intermittent pressures on Yugoslavia in hopes that because of the problematical social conditions it faces it might take a liking to one side or the other.

In our more recent history there have been countless examples in which attempts at pressure have always had the opposite effect--we have rallied more closely together, we have turned to ourselves, and we have found the strength for our own strategy and our own solutions, even though they might not be to someone else's taste.

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SOCIOLOGY

CZECHOSLOVAKIA

HEALTH CARE PROBLEMS IN PRAGUE SURVEYED

Prague TVORBA in Czech 29 Oct 86 p 6

[Article by Jiri Bagar: "It Is Not Healthy To Be Sick"]

[Text] This slogan is not as nonsensical as it might look at first glance; a sick person is truly not a healthy and happy person even if he is not looking at the world from a hospital bed. But when it does come to that, he should really have everything that he needs for rest and medical care. Unfortunately, even health care has its problems. In Prague for example, there are long waits to get into the hospital, the shortage of mid-level health care personnel is greater than elsewhere, there are not enough beds...

Of course, people from outside Prague also come to Prague because the very skilled competence of the Prague doctors has long been well known. And this still further complicates Prague medical care. It has been calculated that 14-15 percent of the patients that see Prague doctors each year come for their health from other parts of Czechoslovakia. But in the first half of this year it reached a level of 18 percent of people from outside Prague coming to the city! Prague has 4,800 doctors and Kcs 3 billion annually are spent for health care needs for our capital city (but, as we have just said, not just for Prague). Prague doctors issue 9 million prescriptions per year, including prescriptions for people from outside Prague whose bills are then sent for payment to the kraj to which the patient belongs.

The federal government and the CSR government last year and the year before last approved resolutions on a concept for developing medical care in Prague. Past experience in preparing construction sites at the locations of faculty hospitals indeed confirms the social need for constructing, modernizing, and expanding health services, but it also demonstrates the exceptional demands on preparation and supply support. At the same time, the high level of capital investment and foreign exchange costs has been made apparent for the planned construction projects.

Construction crews obviously would like to work in a broad open space but, for example, in the modernization and new construction of the medical complex of the faculty hospital on Karlov in Prague, their work has to be done at a location in the middle of the city but the hospital's functioning and its cooperation with the faculty of general medicine and with medical and biological research must

not be interfered with. The construction personnel would like to get the construction site cleared of all hospital services, but the hospitals cannot close down for a period of several years. Here, too, we must look for a good middle ground. General territorial plans or studies must take into account whether construction will have a negative impact on the environment of the hospitals. In the meantime, it seems, at least before construction has begun, that things will work out well even though officials and representatives of the national committee of the city of Prague have already appealed to the citizens for their patience and understanding. Because let's face it, to allow construction workers where quiet is supposed to help medical treatment is not an ideal situation.

The general plan inspired me to weigh the matter. I carefully looked up the figures, the main directives, and tasks which the Prague citizens are given by the city election program, the medical department, and the Institute of National Health and which are anchored in the conclusions of the 17th CPCZ Congress and the city party conference. I asked myself whether we should not consider more thoroughly all their implications. Of course, Prague needs more beds in modern hospitals--the construction of the faculty hospital area in Prague 5-Motol with its 1,414 beds will be a major contribution and the schedules which the foreign suppliers promise are also hopeful. But Prague also needs more modern and expeditious diagnostic methods improved prevention, improvements in the environment... because the good old saying that everything is connected with everything else applies. The goal cannot be just the capital investment operation--more and more buildings, rooms, and beds. There also have to be, for example, accelerated and improved diagnostic procedures and through this a reduction or even elimination of appointments and waiting periods, and shorter hospitalizations.

There is a logic in this and it is already having an impact. Next year Bulovka will receive (at the cost of great financial resources, mainly in hard currency) a computerized CAT scanner. The faculty hospital in Prague 2 will have special equipment for examining the heart and peripheral arteries. An instrument for disintegrating kidney stones which does not require surgery will be installed in their urological clinic. This device will cost Kcs 32 million in hard currency (!) and the specialists insist that it only appears expensive at first glance. It will save money: for the operation itself, for the postoperative stay in the hospital, for the long convalescence while the patient is unable to work... And the patient's pain? This is not figured into the financial calculations, obviously, and the fact that there will not be any pain is an additional benefit.

We cannot have expensive specialized and narrowly oriented services in every health institute. On the contrary, they must be centralized and organized so that they can be utilized efficiently and evenly. This is also why in the Central Bohemian Kraj a helicopter will be introduced experimentally that, it is hoped, medical personnel will be able to deploy rapidly, mainly for auto accidents on the highways. Medics are not always able to get to the injured quickly enough and provide assistance in time when automobile traffic is heavy. The rescue service will issue flight orders. The helicopter will be equipped with the best, similar to rapid ambulances, and will have services for the doctors' use while they are air-borne. The Czech State Insurance is covering all the costs. Thinking of this service I would say that constructing buildings and setting up beds cannot in and of itself be enough.

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